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FBIS-LAT-96-069 *9 April 1996*

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Cuba

Cuba: Central Army Chief of Staff on Anniversary

PA0504215096 Havana Radio Rebelde Network in Spanish 1255 GMT 4 Apr 96

[Interview with Central Army Chief of Staff Colonel Porfirio Rodriguez Oca by Jesus Diaz Loyola in Matanzas Province; from the "Doing Radio" newscast — live]

[FBIS Translated Text] [Diaz] Good morning. As we announced earlier, we are at the Central Army, which is commemorating its 35th anniversary today. Colonel Porfirio Rodriguez Oca, chief of staff of this high command, is here with us. Good morning, Colonel.

[Rodriguez] Good morning.

[Diaz] Congratulations.

[Rodriguez] Thank you very much.

[Diaz] Our entire audience nationwide is listening to you. Our anchorman Felix Garrido, who is at the studio in Havana, would like to participate in this conversation because... [pauses] any anniversary is significant, however, a 35th anniversary is much more significant for this high command, which encompasses Villa Clara, Cienfuegos, Sancti Spiritus, and Ciego de Avila. I believe that a very happy coincidence is taking place today as you were just mentioning to me.

[Rodriguez] Yes, I wish to begin by stressing the coincidental anniversaries of both the Union of Cuban Pioneers and the Union of Young Communists [UJC]. In our opinion, these are very significant, because many of our current senior officers were either pioneers or UJC members. Therefore, we congratulate all of the country's pioneers and young people.

[Diaz] I would like to ask you, what is the Central Army's current situation on this 35th anniversary with regard to the fulfillment of work standards?

[Rodriguez] Well, I can briefly tell you that on this 35th anniversary, we are stronger and better prepared than ever amid happiness and combativeness. The year of 1995 has been the best of the past three years. We have made advancements in all directions. We are working hard under our minister's warm and brotherly leadership. Results of this are evident, for instance, in our battle training and disposition and in tunnel construction. We have built more than 30 km of tunnels to protect our people and troops. We have planted approximately 62 million tress. Results can be seen everywhere. We had good results in agriculture and livestock, where we have made advancements in every sector. Production has increased by 37 percent over the previous year. With satisfaction, we may say the Army's agricultural production is profitable. I believe these results clearly speak of our efforts and hard work.

[Diaz] These results are largely taken into consideration now that we are about to see the outcome of the competition between the armies. What is your opinion in this regard?

[Rodriguez] The competition is very tight. In fact, the three armies are working very hard. This is a very difficult matter. Of course, we expect to win. However, we can objectively say, and we know it, that the competition is very tight. In conclusion, the true winner will be the Armed Forces.

[Diaz] There is a very peculiar relationship between the 35th anniversary of the Central Army and the 35th anniversary of the Victory at Playa Giron, which will be commemorated soon. What was the Central Army's role in that historical event in 1961?

[Rodriguez] Well, I can tell you that scarcely 13 days after the Army was created, the attack on Playa Giron took place. By the way, the first Army commander was Commander Juan Almeida. Well, the Central Army largely participated in this victory. Many of its forces participated, including the renowned 339 Battalion of the Cienfuegos Regiment, which was the first one to engage in this battle. The Central Army also participated through the militia school that was located right where we are right now, through the battalions headed by Commander Fernandez back then, and through many fighters, militia, and policemen who were in Playa Giron along with other forces from other commands. Therefore, there was a very close relationship.

The national commemoration of the 35th anniversary of the Victory at Playa Giron will be held in this camp of the Central Army's staff. First of all, this is a great honor for our Army and for Matanzas Province, which will act as host. We are enthusiastically and responsibly preparing for this event because of its historical significance, particularly at the present time. Now is the time to struggle to reaffirm our loyalty to our people, to our commander in chief, to the FAR [Revolutionary Armed Forces] minister, and to the Communist Party of Cuba [PCC]. With this in mind, we are getting ready to commemorate these two important dates: Our anniversary and the 35th anniversary of the Victory at Playa Giron, as well as the anniversary of the proclamation of the socialist revolution and other anniversaries linked to this date.

[Rodriguez] With this in mind, we visited the Central Army's staff today on its 35th anniversary. We spoke with Col. Porfirio Rodriguez Oca, who is chief of staff, I repeat, of the Central Army. Colonel, before leaving

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this point, all of us in Matanzas will give our attention to an important event: The departure of the replica of the victory tank. What can you tell us in advance?

[Rodriguez] This tank will travel throughout the municipalities, and there will be ceremonies and other activities. This will be a beautiful and significant event. The tank will head the main ceremony commemorating the Victory at Playa Giron on April 16. Finally, I wish to sincerely thank our fellow Eastern and Western Armies, the Tank Division, other Armed Forces institutions, the PCC organizations, the government, and organizations [word indistinct] for all the messages of encouragement we have received.

[Diaz] We sincerely appreciate the comprehensive summary of 35 years of work that Col. Porfirio Rodriguez Oca has just given exclusively to us. He is the chief of staff of this high command that today commemorates its anniversary from Ciego de Avila through Matanzas. We will certainly be here with "Doing Radio" newscast on April 16 to honor the victorious people of Matanzas, as they deserve. We will continue here on the road to Giron. Have a good day.

Cuba: Efforts To Overcome Economic Crisis Praised

PA0704130496 Havana Radio Havana Cuba in Spanish 0000 GMT 7 Apr 96

[Station commentary; from the "Evening Information Review" newscast]

[FBIS Translated Text] Carlos Lage, Council of Ministers executive secretary, explained in a report to the Cuban Communist Party Central Committee recently that the economic growth that Cuba is experiencing as a result of measures taken to overcome the current crisis must not be taken out of context. Lage said: We are talking about 2.5 percent economic growth in 1995 and 5 percent growth so far this year, even though the country's economy has diminished 34 percent.

The Cuban leader was trying to explain that progress on economic readjustment measures recorded thus far does not cover the commercial and financial development Cuba experienced prior to the fall of the USSR and the East European socialist arena, when Cuba had a higher growth rate and promising prospects. It covers progress made since the drop in the Cuban economy was stopped in 1994. It is a process that inexorably started as the fair and advantageous economic relations Cuba maintained with the socialist community — relations that represented more than 85 percent of the country's relations — broke off suddenly. When these relations were interrupted, the economic blockade the United States imposed on the island in the early 1960's started having more adverse effects.

The economic adjustment measures the revolutionary government took — including opening the domestic economy to foreign investments to closely work with the state, legalizing the tenure of U.S. dollars, and authorizing self-employment to be able to rationalize the use of the labor force — were intelligent, timely, and decisive. The positive effects of these measures have been secured through the patriotic attitude the Cuban people took with their courageous resistance to the serious shortages; their drive to engage themselves in productive activities; and their heroic decision to support their revolutionary government, strengthen national defense, and make all efforts to overcome the aggressions of their worst and most powerful enemy — the U.S. Government.

The positive changes that are taking place in Cuba cannot be interpreted any other way. The economic growth that was achieved under the aforementioned conditions undoubtedly represents a major success for the Cuban people, because the country no longer has the resources it could obtain from its relations with the socialist community, which is currently dominated by the implacable rules of the capitalist and market-oriented economy and which is strongly being pressured by the harassment the United States maintains on Cuba.

The recent enactment of the Helms-Burton law, which is a supreme effort to mercilessly increase the shortages and suffering of the Cuban people in an attempt to make them surrender and subjugate them to the U.S. imperialist resolve, will not weaken the resistance and winning resolve of the first truly free people on the American Continent. On the contrary, it will strengthen them.

Cuba: Roundup of Economic Developments Through 8 Apr

PA0804220296

[FBIS Report] The following is a compilation of reports on economic developments in Cuba monitored through 8 April.

According to Evaristo Manuel Garcia, president of the Simon Rodriguez UBPC (basic cooperative production units) in Havana Province, "the contribution of the combatants of the FAR (Revolutionary Armed Forces) in the potato harvest is excellent and quite useful. If it were not for the FAR combatants, we could never meet the goals of our potato harvest, that is, collect more than 100,000 quintals of potatoes." Garcia noted that the combatants' productivity is very good, ranging

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between 45 and 50. (as heard) (Havana Radio Rebelde Network in Spanish 1800 GMT 27 Mar 96)

Pinar del Rio will meet their production goals for the tobacco harvest next week, as it is already harvesting 75 percent of the total volume. This is deemed a great effort by the workers, since from 20 to 28 January, Pinar del Rio workers had to sow 600 caballerias due to the heavy rains. Maria del Carmen Concepcion, first secretary of the Communist Party of Cuba in Pinar del Rio, said that currently, Pinar del Rio has mobilized more than 110,000 workers for the tobacco harvest, sugarcane harvest, and the production of foodstuffs. Concepcion noted that "today, we can assure everyone that our province has never considered the idea of reducing, even by a single quintal, its production goal of 505,000 quintals of tobacco." (Havana Radio Rebelde Network in Spanish 1800 GMT 2 Apr 96)

Thus far this year, the tourism industry in Cienfuegos has raked in $1 million in foreign currency, thus increasing the state's budget by 14 percent. These revenues were earned as a result of the flow of 42,000 tourists who visited Cuba, which represents a 36-percent increase compared to the first quarter of 1995. The foreign currency collected by the Caracol department stores doubled the flow of foreign currency to the state budget. (Havana Radio Rebelde Network in Spanish 1800 GMT 2 Apr 96)

New investments were made in the furnaces at the Antillana Steel Factory, which is contractually obligated to produce 250,000 tons of steel, which contributes to the production of bicycles and supports the housing construction programs in the country. Miguel Solarena, general director of the Antillana Steel Factory, said that in March, the plant produced 20,000 tons of steel more than in the same month in 1993 and 1994. Solarena added that the plant is producing steel below its production cost. (Havana Radio Rebelde Network in Spanish 1255 GMT 3 Apr 96)

Melia Cohiba Hotel's activities are going well so far this year. It is expected to rake in some $23 million in revenues, $9 million in profits. During its first 10 months of operations last year, the hotel made $18 million, of which $7 million were net profits. In statements to the media, hotel manager Ivan Soto Cal said that in January and February of this year, the hotel had an occupancy rate of over 80 percent, but dropped to 55 percent in the last week of March, just prior to Holy Week. (Havana PRENSA LATINA in Spanish 2049 GMT 5 Apr 96)

The coffee harvest in Cienfuegos Province is not doing well. The main reason behind the low production at the Cumanayagua Municipal Enterprise in Cienfuegos Province is mainly due to lower yields of 47 quintales per caballeria, five quintales less than in 1995; however, the quality of the harvest in Cienfuegos is considered good because 93 percent of the coffee collected is top-quality coffee. (Havana Radio Rebelde Network in Spanish 0100 GMT 6 Apr 96)

First highway toll booth in the country will be inaugurated some 5 km from Varadero shortly. It should produce for the country some $1 million per year. The toll booth will initially be set up in Cayo Coco, Varadero. Vehicles and motorcycles will pay two pesos each and two-axle trucks will pay four pesos. Vehicles with white license plates from the Interior Ministry or from the Ministry of the Armed Forces, ambulances, and hearses will be exempt. (Havana Radio Rebelde Network in Spanish 1255 GMT 6 Apr 96)

Granma Province closed March with the largest volume of tubers harvested for a first quarter. 453,000 quintales of tubers were harvested in this period, some 43,000 more quintales than in the same period in 1984, date of the previous record. The provincial agriculture directorate said that during this period the Basic Cooperative Production Units and other state and peasant organizations delivered enough products in order to sell an average of 15 lbs of tubers and vegetables to each consumer per month. (Havana Radio Rebelde Network in Spanish 1200 GMT 8 Apr 96)

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Mexico: PGR Dismisses Officials for Alleged Drug Ties

PA0804232396 Mexico City LA JORNADA in Spanish 5 Apr 96

[Report by Juan Manuel Vanegas — received via Internet]

[FBIS Translated Text] More than 50 employees, commanders, and federal officers of the Office of the Attorney General of the Republic (PGR) have been charged or fired from their positions for their alleged ties to political murders and drug-trafficking activities during the past two years.

Regarding the political murders (Luis Donaldo Colosio and Jose Francisco Ruiz Massieu), the charges have centered on alleged concealment, torture, and abuse of authority. A prominent case, however, is the one of former Federal Judicial Police (PJF) Commander Rodolfo Garcia Gaxiola, a fugitive who is said to be the possible murderer of Jose Federico Benitez Lopez, former Tijuana Police director, who had been investigating events related to Colosio's murder on his own.

Regarding the alleged ties of PGR employees and officers with drug-trafficking activities, it is evident that Sinaloa Cartel leader Hector Luis Palma, alias El Guero, had control over the federal policemen in Jalisco and Colima. Furthermore, and after the arrest of Juan Garcia Abrego, there are reports that former PJF [Federal Judicial Police] Director Adrian Carrera Fuentes as well as the current head of the corps, Americo Flores Nava, are associated with the Gulf cartel.

The dubious interference of PGR officials and commanders in the investigations of criminal activities made Moises Moreno Hernandez, process control assistant attorney general, warn: "Policemen or former policemen seem to be involved in the murders of Colosio, Ruiz Massieu, and Posadas, as well as in drug-trafficking activities." He also warned that "it is necessary to point out that the progress organized crime made is linked to the corruption of public security bodies in Mexico."

Loza Parra and Garcia Gaxiola in the Colosio Case

As a result of the murder of Tijuana Police Chief Jose Federico Benitez Lopez, the investigations pointed to then PJF commanders Raul Loza Parra and Rodolfo Garcia Gaxiola as the presumed masterminds of the crime. The issue, which some people intended to view as a settling of accounts with local drug traffickers, became relevant when events that involved the three of them in the murder of the PRI [Institutional Revolutionary Party] presidential candidate on 23 March 1994 started being made public at the national level.

Benitez, who was in charge of the police body in the border city of Tijuana, was the first person to have in his hands the trunk containing Mario Aburto Martinez's belongings. The following days until Benitez's murder, which took place a month after the Lomas Taurinas incident, he was investigating on his own certain events that took place during Colosio's last rally.

Meanwhile, Loza received Aburto's trunk from Benitez and ordered a PJF agent in Tijuana, Marco Antonio Jacome Saldana, to videotape the Lomas Taurinas rally. He was one of the first people to interrogate Colosio's self-confessed murderer and was also the authority who received the weapon with which Aburto shot the presidential candidate in the head. Loza, who arrived in Tijuana in June 1993 after being investigated in Villahermosa for the disappearance of 2 kg of cocaine, quit the PJF main post in Tijuana in April 1994. Garcia occupied his post.

In early 1995, Loza, Garcia, and Agent Jacome (the one who videotaped the Lomas Taurinas rally) were believed to be the masterminds of Benitez's murder. David Ruvalcaba, a Tijuana Police (?collaborator) [madrina] who had been arrested in early 1995, had accused them. The results of the investigations remain unknown. Loza, however, was dismissed from the PJF and has not occupied any post within this body since he left Tijuana. Meanwhile, Garcia and Jacome remain at large.

Ruiz Massieu Case: From Torture to Manipulation of Depositions

Regarding the murder of PRI Secretary General Jose Francisco Ruiz Massieu, the Special Prosecutor's Office of Pablo Chapa Bezanilla that conducted the investigation leading to the capture and imprisonment of Raul Salinas de Gortari, uncovered a network of accomplices during the preliminary investigations the victim's brother, Mario Ruiz Massieu, conducted.

Despite the charges the Mexican Government lodged against Mario Ruiz Massieu, who remains in the United States because U.S. courts refuse to extradite him, judicial agents and high-ranking PGR commanders and officials were involved for their alleged participation in the actions that were carried out to protect Raul Salinas — namely, manipulating depositions, altering investigations, and "torturing witnesses."

The criminal actions committed by Jorge Anastacio Stergios Gomez, deputy attorney general for inspections; Arturo Deloya Fonseca, former deputy attorney general's office for investigations and inspections director general; and Joaquin Jesus Perez Serrano, former

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deputy attorney general's office for inspections director general, stand out among the events. The three of them are accused of abusing their authority because of their complicity in the alteration of documents and depositions pertaining to the Ruiz Massieu case.

The PGR also accuses Stergios, who remains at large, of torture and improper use of public services. Former PJF Director Adrian Carrera Fuentes, who is currently on parole, was also accused of committing the same crime, and his trial has started. Another commander involved in the cover up of Ruiz Massieu's murder is Carlos Jaime Pratt Straffon, who was a delegate at the PGR office in Morelos until 22 June 1995.

Enrique Arenal, who was PJF intelligence director and National Counternarcotics Institute (INCD) operations director until last year, was dismissed from his post; then, as part of the irregularities that were committed in the Ruiz Massieu case, the PGR requested an arrest warrant against him for abuse of authority and improper use of a public service.

Francisco Javier Herrera Gonzalez and Alejandro Pizarro Moreno, Public Prosecutor's Office agents, and federal policewoman Angelica Holguin Perez are other PGR public agents involved in this case.

Mexico: Roundup of Economic Developments Through 8 Apr

PA0804190096

[FBIS Report] The following is a compilation of reports on economic developments in Mexico monitored through 8 April.

The presidents of the Business Coordinating Council, CCE, Hector Larios, and of the Confederation of Industrial Associations, Concamin, Victor Manuel Diaz Romero asked the Bank of Mexico, Banxico, yesterday, to impede the withdrawal of money in circulation because if this trend continues it will cause a greater recession. Larios said the total currency (bills and coins in circulation) amounted to 79 billion pesos in December 1995, and reached 57.8 billion pesos from January to March 1996. The latest report of the Banxico indicates, however, that the currency amounted to 54.591 billion pesos up to 26 March. (Mexico City LA JORNADA in Spanish 28 Mar 96 p 45)

The Finance and Public Credit Secretariat, SHCP, has reported that tax revenues dropped approximately 17 percent from January to March 1996, and that it will reinforce control actions so the economic crisis is not used as an excuse for tax evasion. Also, the Associated Economists Group, GEA, has estimated that the public sector will face additional financial pressures this year as revenues will grow scarcer because the economy will be less dynamic, and there will be an additional 2.3 percent contraction in the national internal demand. Thus, GEA added, it is foreseeable that there will be an economic deficit of 1.2 percent of the GDP and that the government will not be able to achieve its fiscal balance objective this year. (Mexico City EL FINANCIERO in Spanish 1 Apr 96 p 5)

The Private Sector Center for Economic Studies, CEESP, issued a report today, that reveals that $4.094 billion left the country in February due to Mexico's volatility and financial unbalances during the first three months of the year, according to a 1 April report datelined Mexico City. The money that left the country amounts to almost 90 percent of the $4.680 that had entered Mexico through the money and stock markets. CEESP demanded that the government not postpone the economic reactivation further because the negative events of the first trimester are a reversion of the advances made, and tend to accelerate social tension. It observed that the 7.9 percent accumulated inflation between January and the first 15 days of March deteriorated short-term business perspectives and, thus, makes it difficult to prepare long-term plans. (Paris AFP in Spanish 1630 GMT 1 Apr 96)

The financial markets' initial hike at the beginning of the year, which was interrupted by uncertainty and speculation in February, revived at the close of the first trimester of 1996. Foreign and domestic investors' renewed confidence levels, the system's increased liquidity, and moderate inflationary perspectives brought stability to the exchange rate. The steady evolution of parity, and the improvement of the market's expectations regarding the trend of the prices in the economy, prompted interests to start decreasing again. Investors viewed the stock market positively because the domestic interest rates contracted and the U.S. interest rates did not move. This afforded new options for short-term purchases. Thus, at the conclusion of the first trimester of 1996, the spot dollar decreased 2.19 percent, the primary yield of the Treasury Certificates, Cetes, at 28 days lost 7.87 points and the Prices and Quotations Index (IPC) grew 10.58 percent. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 1 Apr 96 pp 2A, 3A)

The Communications and Transport Secretariat (SCT) has announced that it is budgeted to spend 22.2883 billion pesos this year. This amount includes 10.8685 billion pesos in public investments and 11.4198 billion pesos in general expenses. Investments in the highway sector will amount to 8.8082 billion pesos; railroads, 6.3961 billion; airports, 1.5781 billion; maritime ports, 815.6 million pesos; and communications, 2.9417 bil-

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lion. (Mexico City EL FINANCIERO in Spanish 2 Apr 96 p 11)

Despite the economic cabinet's optimism, the GDP will experience a drastic fall and there will be a 0.3 percent decrease in tax revenues at the end of the first trimester of 1996. However, SHCP officials have asserted that the negative macroeconomic figures should not cause concern because there is an important reserve in revenues coming from the oil sector and it will balance the lower income. Alliance for Economic Recovery (Apre) spokesman asserted they will balance the situation because the barrel of oil that had been budgeted at $14 is now being sold at $17, and it is estimated that total oil revenues will increase at least 40 percent for the January-March 1996 period. (Mexico City EL FINANCIERO in Spanish 1 Apr 96 p 14)

The DIARIO OFICIAL DE LA FEDERACION today carried a resolution by the SHCP authorizing the Bank of Tokyo Mexico Inc. to operate as a bank in the country. The bank's capital stock totals 270.3 million pesos, and the ceiling on individual net capital will be 405.450 million pesos. The Bank of Tokyo North American International Inc. owns 51 percent of the Bank of Tokyo Mexico Inc.'s social capital. (Mexico City EL FINANCIERO in Spanish 2 Apr 96 p 4)

Herminio Blanco, commerce and industrial development secretary, is cited as affirming that the country's mining metallurgical production grew 11.5 percent in 1995, registering 20,900 kg of gold and 2,496 tons of silver, according to a 1 April report datelined Mexico City. He added that private companies invested $628 million in exploration, development of new projects, and the expansion of the existing capacity and industrialization of metals. (Mexico City NOTIMEX in Spanish 0317 GMT 2 Apr 96)

A bulletin by the National Banking and Securities Commission, CNBV, states that up to December 1995, the local banks' loans portfolio totaled 804.888 billion pesos, according to a 1 April report datelined Mexico City. Of this amount, 137.321 billion pesos corresponded to overdue loans. The Savings Protection Banking Fund (Fobaproa) has acquired 38.631 billion pesos of the total overdue loans as part of a series of measures to boost private banking. The local banking system was able to accumulate in 1995 preventive reserves for the sum of 67 billion pesos to cope with its problems. (Mexico City NOTIMEX in Spanish 0324 GMT 2 Apr 96)

The minimum wages went up 12 percent on 1 April in the three economic areas the country has been divided into. In geographic zone A, comprising the Federal District and surrounding area, Baja California State and the cities of Acapulco, Ciudad Juarez, Chihuahua, Nogales, Matamoros, and Coatzacoalcos, the minimum wage went from 20.15 pesos to 22.60 pesos. In zone B, covering the cities of Guadalajara, Monterrey, Tampico, Hermosillo, El Mante, Poza Rica, among others, the workers will be paid 20.95 pesos instead of 18.70 pesos. As for zone C, comprising the states of Aguascalientes, Campeche, Coahuila, Colima, Chiapas, Durango, Guanajuato, Hidalgo, Michoacan, Morelos, Nayarit, Oaxaca, Puebla, Queretaro, Quintana Roo, San Luis Potosi, Sinaloa, Tabasco, Tlaxcala, Yucatan, and Zacatecas, the minimum wage went from 17 pesos to 19.05 pesos. The price of staple products also went up on 1 April. For instance, the price of a liter of milk is up 50 percent. (Mexico City XEW Television Network in Spanish 0400 GMT 2 Apr 96)

An evaluation by EL FINANCIERO, based on Banxico figures, shows that the money supply shrank by 7.427 billion pesos during the first three months of this year, compared to the same period last year. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 2 Apr 96 p 3A)

Banxico has reported that during the first three months of this year, it accumulated net international assets for the sum of $1.776 billion. In its report on the evolution of the main economic indicators, Banxico stated that at the close of March, its net international reserves, which in addition to assets includes loans with foreign financial institutions, totaled $15.491 billion. (Mexico City LA JORNADA in Spanish 3 Apr 96 p 15)

Banxico reported yesterday that Fobaproa funneled by 31 March a total of 40.138 billion pesos to local banks. Banxico added that the government's debt in securities totaled 118.831 billion pesos at the end of the first three months of this year, or a 6.6 percent contraction compared to the December 1995 balance. The Cetes were the government securities hurt the most by the withdrawal of investments, as they went from 48.213 billion pesos at the end of last year to 38.850 billion pesos at the close of March. Cetes represent 32.7 percent of the total amount of government securities in circulation and in the hands investments. According to the Banxico report, the amount of resources placed in Federal Government Development Bonds (Bondes) rose to 40.482 billion pesos, or 4.547 billion pesos more than in December 1995, since investors show a greater preference for these instruments. It added that investors also prefer Adjustable Bonds (Ajustabonos), although these instruments registered a overall reduction of 1.701 billion pesos between the close of December 1995 and 31 March. The amount of resources placed in this kind of instrument totaled 39.499 billion pesos at the end of March. (Mexico City LA JORNADA in Spanish 3 Apr 96 p 16)

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The national fishing production rose by 7.2 percent in 1995 despite the weather instability, tuna embargo, and the effects of the economic crisis, while the domestic demand for fish dropped by 1 percent. The contraction in the domestic market was compensated by an 83 percent increase in exports. Meanwhile, the tuna embargo imposed by the United States on Mexico has caused annual losses estimated at $35 million, in addition to a 40 percent reduction in the fishing fleet. The Banxico reported a 41.4 percent annual increase in the price of fish in 1995. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 3 Apr 96 p 5A)

The profits of national multipurpose banks have reportedly dropped by 8.8 percent, going from 3.4279 billion pesos in 1994 to 3.1249 billion pesos last December. Of 27 national banks, eight reported losses totaling 2.7145 billion pesos. These are Banco Mexicano, Probursa, Atlantico, Confia, Banoro, and Bancrecer. On the other end are Banamex, Inbursa, Bancomer, Banorte, Serfin, and Bital, which accounted for most accumulated bank profits in 1995. Meanwhile, the overdue loans of multipurpose banks totaled 46.5183 billion pesos at the close of 1995, which represents a 24.9 percent annual increase. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 3 Apr 96 p 3A)

The National Institute of Statistics, Geography, and Information Science (INEGI) has disclosed that the national production of minerals and metals rose by 8.9 percent in January, compared to the same period last year, according to a 3 April report datelined Mexico City. In its monthly report, INEGI said that last year copper and zinc production rose by 17.7 percent and 15.2 percent, respectively, while lead production decreased by 13.9 percent in the same month in 1995. The production of precious metals showed a variable behavior, since the production of gold rose by 26.6 percent while silver production dropped by 1.4 percent. (Mexico City NOTIMEX in Spanish 0103 GMT 4 Apr 96)

The Mexican Stock Exchange closed the first quarter of 1996 with a 12.05 percent accumulated gain and the exchange rate appreciated by 1.91 percent, compared to December, according to a 4 April report datelined Mexico City. The main stock exchange indicator during this period showed a 334.80 accumulated gain, a 12-percent increase over the December level. Analysts also highlighted among the positive results the fact that interest rates dropped below 40 percent. (Mexico City NOTIMEX in Spanish 1743 GMT 4 Apr 96)

The amount of resources deposited in commercial banks reportedly dropped by 13.2 percent in 1995, while the number of depositors increased from 11.4901 million in December of 1994 to 12.1508 million in 1995. According to the CNBV, the balance of direct deposits in 1995 declined as a result of the loss of purchasing power resulting from inflation. This situation adversely affected the profit levels of banks, which in 1995 dropped by 67.8 percent. (Mexico City LA JORNADA in Spanish 4 Apr 96; received via Internet)

Mexico will implement daylight savings time effective 0200 on 7 April, according to a 6 April report datelined Mexico City. The Federal Electricity Commission (CFE) reported that the time change is part of a set of energy conservation measures currently under way in Mexico. The CFE added that this measure will save the country 1,300 gigawatts annually, equal to 1 percent of the national electricity consumption. (Mexico City NOTIMEX in Spanish 1621 GMT 8 Apr 96)

Mexico has proven reserves of gas for over 50 years estimated at 70 billion cubic feet, according to a 6 April report datelined Mexico City. The Secretariat of Energy affirmed that in 1996 Mexican Petroleum (Pemex) will produce approximately 4.3 billion cubic feet of gas, which represents a 15 percent increase compared to 1995. Exports are expected to reach 300 million cubic feet, namely a 100-percent increase over exports last year. The Secretariat considered that with private investment in the modernization of the gas system, Pemex will be able to devote more resources to gas and petroleum resources, with crude oil reserves estimated at 60 million barrels. (Mexico City NOTIMEX in Spanish 0223 GMT 7 Apr 96)

The production of gold and silver during 1995 increased by 42.7 and 6.9 percent, respectively, according to 7 April report datelined Mexico City. The General Directorate of Mines under the Secretariat of Commerce and Industrial Development reported that the mining projects in the States of Sonora, Baja California, and Durango contributed to the increase in production. The agency explained that gold production prospects for the next few years are favorable. The largest gold-producing states in the country are Sonora with 32.6 percent; Durango, 19.5 percent; Guanajuato, 14 percent; Baja California, 13.7 percent; and Sinaloa 14.8 percent. The agency concluded by reporting that silver production in 1995 totaled 2,495.50 tons. (Mexico City NOTIMEX in Spanish 0811 GMT 7 Apr 96)

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Mexican women are head of household in 1 million homes, according to a 7 April report datelined Mexico City. These households account for 10 million people, according to an INEGI study. The study revealed that in cities between 100,000 and 1 million people, one out of every four households is led by a woman. The number of families supported by single mothers in Mexico reportedly increased by 22 percent in the last 14 years. The INEGI study concluded that women confront more problems for getting a job than men, because in 1995 the rate of unemployed women doubled that of unemployed men. (Mexico City NOTIMEX in Spanish 0817 GMT 7 Apr 96)

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Honduras

Honduras: Reina Goes to Peru, Says Pay Offer 'Final'

PA0804203196 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 8 Apr 96

[Report by Fernando Oviedo Ramos; from the "The Morning Paper" newscast]

[FBIS Translated Text] Before departing for Peru, Honduran President Carlos Roberto Reina hosted a news conference where he talked about the purpose of his trip and explained the recent attack on his residence. The president added the government does not have more money to grant pay raises.

[Begin recording] [Reina] Regarding Peru, we will have the opportunity to negotiate assistance for a sea institute for Central America with its main offices in Honduras. For the time being and for some time in the future, I think, in my trips I am representing Central America as the secretary or acting president of the Central American integration.

We are indebted with Peru on several accounts. First is the assistance it provided our hero so he could return to Central America. That is our history and comes from the most profound roots of Honduras. Second, prominent Peruvian Jose Luis Bustamante y Rivero played a decisive role to allow Honduras to resolve its dispute with El Salvador. Bustamente y Rivero's mediation paved the way for the Lima treaty, which is the peace treaty between Honduras and El Salvador.

I am making this visit at this time because President Alberto Fujimori especially invited me. He praised Honduras. He knows Honduras. He came to attend a graduation at the El Zamorano Agricultural School and told me: I admire this beautiful country. He told me repeatedly: Come to Peru. That is why I am answering that gracious [4-second break in reception] to pay historic debts and obtain benefits in common between two brother nations that have been very distant.

With regard to the device that exploded in my residence Tuesday, 26 March, there has been sufficient speculation already. I have no other report than the original report that contains certain information the press already knows. It is an unfortunate incident. What is worrisome [passage indistinct] or 20 something years, and there was never an attack. It is just now when we have a moral revolution, a democracy on the move, that Honduras is gaining a leading role in Central America, that these incidents take place. I do not want to speculate on this. That is up to you. Whenever more information is obtained, I will tell you about it. For the time being, what I have learned is the same thing you know.

[Oviedo] Mr. President, you have said that the pay increase the government is offering health officials is final. They are threatening to go on strike, once Holy Week is over, if they do not get a satisfactory answer. Wouldn't the government seek other means to prevent mass demonstrations in Tegucigalpa and the interior of the country?

[Reina] Fernando, the government is doing the best it can. It cannot do the impossible. One group alone is asking for 600 million lempiras. Where are we going to get the money from? Are we going to bankrupt the economy again? Do what other governments did and have fiscal indiscipline? We cannot. We are legitimate. We have our best men working on this. We are making the best offer possible. We are talking about approximately 230 million lempiras, and the offer is final. If they resort to other actions, they are taking on that responsibility. [end recording]

Panama

Panama: Accord With PRC on Commercial Offices Noted

PA0504190496 Panama City Telemetro Television Network in Spanish 1730 GMT 4 Apr 96

[From the "Telemetro Reports" newscast]

[FBIS Translated Text] Panamanian Foreign Minister Gabriel Lewis Galindo has announced that an agreement with the government of the PRC to open commercial offices in both countries will be reached shortly.

Panama and the PRC do not have diplomatic relations. Lewis Galindo has said it is important for Panama to find some type of agreement with Beijing, because Hong Kong, which has been under UK jurisdiction for more than 100 years, will pass to PRC control on 1 July 1997.

The foreign minister has acknowledged that it has been announced that countries that do not have relations with the PRC could have their consulates in Hong Kong closed; thus, he has said, we will hold talks in this regard.

Panama: Security Council Head Discusses Drug Struggle

PA0604162396 Panama City LA PRENSA in Spanish 6 Apr 96 p 3

[By Jose Quintero De Leon]

[FBIS Translated Text] National Security Council Director Gabriel Castro has described Panama's worldwide reputation for fighting drug trafficking and money laundering as "very good." Castro, who is also in charge

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of the Panamanian Drug Program, termed Panamanian authorities seizing more than seven tons of drugs in 1995 an advancement. He pointed out that the United Nations has described Panama's money laundering law as "advanced." Castro said that all of this helped ensure that the U.S. Government would acknowledge the country's efforts and renew the corresponding certification that it is making its best effort to counter drug trafficking and money laundering activities. "The government would fight the drug trafficking problem whether they certified us or not. It is our duty as Panamanians to do so, it is good for Panama, and we must prevent it from damaging our youth," he underscored. Asked about the problems the government faces in its efforts to control this crime, Castro said the biggest problem is the border with Colombia since Panama does not have the means to stop criminals from entering the country.

Panama: No Evidence of Banaico's Link to Drug Money

PA0604180796 Panama City EL SIGLO in Spanish 6 Apr 96 p 6

[By Daisy Esther Aizprua]

[FBIS Translated Text] Guillermo Chapman, president of the National Banking Commission [CBN] and planning and economic policy minister, has confirmed that the CBN has no evidence that Banaico [Agro-Industrial and Commercial Bank of Panama, Inc.] saw any drug trafficking money. Chapman said that the Attorney General's Office must investigate the allegation and that any investigation need not necessarily produce such evidence. He stressed that for the first time in the banking law's history, the CBN has sent reports — namely, those prepared on this bank's situation — to the attorney general. The latter will determine if there is anything that needs to be investigated. The minister also indicated that the CBN has received two professional reports on what happened to Banaico, both showing that this bank was not managed with due prudence. Chapman's statements come after Gabriel Castro, the chief of the financial analysis unit, emphasized he would open an investigation into allegations that drug traffickers used this bank.

Panama: Acting President Reneges Promise, Paroles Inmates

PA0704170096 Panama City LA PRENSA in Spanish 7 Apr 96 p 1A

[By Jose Otero; all figures as published]

[FBIS Translated Text] Acting President Tomas Altamirano Duque has paroled 60 inmates and reduced the sentences of four others found guilty of committing common crimes who were serving time in several of the country's jails.

The Presidency has confirmed in a press release that one Jamaican, one Haitian, and 62 Panamanians will benefit from Resolution No. 14 and Executive Decree No. 139. The resolution and the executive decree were both issued on 4 April, the day that Altamirano Duque was sworn in as acting president after Ernesto Perez Balladares departed on a two-week European tour. Altamirano Duque at the time delivered an "inaugural" address over radio and television in which he promised not to parole anyone.

Government and Justice Minister Raul Montenegro also signed the resolution, which will benefit inmates serving sentences for common crimes in the following jails:

— Modelo (9 inmates)
— La Joya (24)
— Santiago (7)
— Las Tablas (5)
— Chorrera (4)
— Colon (3)
— David (2)
— Penonome (1)
— Changuinola (1)
— Women's Rehabiliation Center (1)

The 64 inmates were paroled on condition that they comply with what is established in the Criminal Law: The person paroled is obliged to reside in the place assigned to him and cannot change his domicile without prior authorization. It also obliges him to observe the surveillance regulations: Adopt a legal means of subsistence, not commit a crime or serious infraction, and accept the supervision of the Corrections Directorate. The document stipulated that the parole will be revoked immediately if the person benefited does not comply with those compulsory requirements.

The executive decree reduces the sentences of four inmates, including one Haitian and one Jamaican, who have served half of their sentences. The two foreigners will be placed at the disposal of the Immigration Directorate for their deportation and immediate transfer to their countries of origin. The expenses of the repatriation will be paid by the beneficiaries or their respective governments. They will have to leave national territory within no more than 10 days, the executive decree underscored.

Altamirano Duque assumed the presidency for the first time when Perez Balladares left on a 22-day tour of the Americas and Asia in September 1995. Duque then paroled 140 inmates, most of them former soldiers and Democratic Revolutionary Party members. The measure

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triggered strong protests nationwide and the rejection of the opposition.

Panama: Envoy Meets Taiwanese Leaders on Industrial Zone

PA0704190796 Panama City LA PRENSA in Spanish 7 Apr 96 p 1A

[By Jose Quintero]

[FBIS Translated Text] The government of the Republic of China (Taiwan) wants to play an active role in establishing an industrial zone at Fort Davis, Colon, with factories processing goods for export in the hopes of attracting Taiwanese investors. The Panamanian Government has agreed to reduce rent 15.5 percent for those businessmen who set up shop in that reverted area.

Panamanian Ambassador to Taiwan Carlos A. Mendoza has noted the Panamanian people's concern over the slow progress that is being made on the intergovernmental project on the processing zone. He confirmed that he met Taiwanese President Li Teng-hui on the matter on 2 April on instructions from President Ernesto Perez Balladares and Foreign Minister Gabriel Lewis Galindo. Mendoza said that the issue was discussed in the presence of Taiwanese advisers and that it was agreed that Taiwan would play an active role in investing in Fort Davis.

Taiwanese Economic Development Ministry officials agreed to meet with potential investors on 6 April. These investors will be told that this is not only a Panamanian but also a Taiwanese project.

Mendoza also noted that the Taipei government has approved an $8.6 million allotment to be put toward joint cooperation on Fort Davis and said that the Taiwanese Government has promised to grant additional economic and technical support to help make that industrial zone a success. The ambassador said: "President Li has offered to send Economic Affairs Minister P. Chiang to Panama to demonstrate to the Panamanian people Taiwan's very clear commitment to that processing zone."

A total of 15 percent of the island's economy is currently in the state's hands. The Panamanian ambassador said that if the private sector does not want to invest, President Li is prepared to install Taiwanese public enterprises in Fort Davis to guarantee the success of this bilateral project. Mendoza added that the Panamanian Government has authorized a 15.5-percent rent reduction on land that Taiwanese entrepreneurs use in that zone, which will initially cover 100 hectares.

Mendoza touched on issues important to Panama during his talks with the Taiwanese leader, including ways to help Colon Province. Mendoza reported that the Taiwanese Government will grant Panama a $25 million loan at a very low interest rate and with a very long payment term for the purchase of medical equipment. This loan will be available this year. It was agreed that $11 million will be used immediately to ensure that medical equipment arrives in Panama by September. It is believed that our hospitals are in unsatisfactory condition. Mendoza said that $5 million of the $25 million will be used to improve Colon hospitals and that approximately 102 ambulances will be bought for use nationwide. The rest will be invested in medical and hospital equipment, as planned by the Health Ministry, always under the oversight of the Comptroller General's Office.

Panama: Minister Evaluates Importance of Reverted Areas

PA0704194696 Panama City LA PRENSA in Spanish 7 Apr 96 p 4A

[By Vilma E. Figueroa B.]

[FBIS Translated Excerpt] Foreign Minister Gabriel Lewis Galindo has said that any appraisal of the reverted areas is insignificant since their true value will depend on proper use.

The report on the economic impact of the U.S. military withdrawal from Panama that economists Jose Galan Ponce and Marcos Fernandez drafted and released a few days ago includes estimates on the value of this land.

"It does not matter whether the estimates are $1 or $1,000. The true value will depend on its use and the benefits and advantages to those who use this land. It is not a matter of square meters but of production," he said.

The report by Galan Ponce and Fernandez includes a chart on the estimated value of the land on which major U.S. bases and installations are located. The study provides the following estimates per square meter of land on each U.S. Army installation:

Fort Davis	$10	Fort Amador	$100
Balboa	80	Ancon	90
Fort Espinar	6	Quarry Heights	100
Margarita	15	Corozal	30
Cocoli	10	Fort Clayton	25
Coco Solo	50	Fort Kobbe	10
Diablo	120	Fort Sherman	2
Llanos de Curundu	20	Albrook	50

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Land on Howard and Albrook Air Force Bases is estimated to be worth $20 and $50 per square meter, respectively.

Rodman Naval Base was appraised at $20 dollars per square meter; the infantry marine barracks at $10; Farfan at $5; and Fort Amador at $100. [passage omitted]

Panama: Report Profiles Interview With Robert Gelbard

PA0904042596 Panama City LA PRENSA in Spanish 8 Apr 96 p A1

[Report by Betty Brannan Jaen]

[FBIS Translated Text] Washington, D.C. — Robert Gelbard, assistant secretary for international narcotics and law enforcement affairs, said that Panama runs the risk of being taken over, once more, by the "drug cartels," following the withdrawal of U.S. military bases in 1999.

Gelbard, who cited Colombia as an example of the threat posed by drug cartels on "small and weak" democracies, on Friday told LA PRENSA that Panama must strengthen and clean up its institutions not to please the United States, but to defend its own citizens. He suggested that if this does not occur, the United States may take reprisals against Panama's financial center.

"Panama must think about its own future. It must consider the fact that the Cali cartel has a great deal of influence. Our bases will leave soon; the United States will reduce its presence; and if one believes that the U.S. presence has had a deterrent effect, then one must wonder what will happen to Panama," Gelbard expressed.

With the "considerable" level of illicit activities in Panama, Gelbard continued, "I must say that, as someone who is personally interested in Panama, I am worried."

Gelbard remarked that preventing a repeat of what occurred when Manuel Antonio Noriega put Panama at the service of drug cartels must be a top priority for the current Panamanian Government. He affirmed that "governments have the responsibility to defend their countries and their people" from the powerful "drug mafias."

"I believe that it is important for Panama to become stronger in whatever way it can, particularly given its strategical geopolitical location (and) with a view to the post-1999 period. This includes strengthening its economy, its financial system, and its capacity to combat criminal activities," he stressed.

The assistant secretary for international narcotics and law enforcement affairs explained that the United States views with concern the case of Colombia, which demonstrates that drug cartels are the new threat for the fragile democracies of the world.

"In the post-Cold War context, we see threats, very dramatic threats against the new democracies; these threats are not communism or fascism, but they are antidemocratic threats. Unfortunately, Colombia is a very sad example of the power that these forces can exert," Gelbard noted.

When asked if, taking into consideration what has occurred in Colombia, the United States had indications that "drug money" had infiltrated the presidential campaign of Perez Balladares, Gelbard said no. Asked if such infiltration occurred during the government of Guillermo Endara, Gelbard replied: "I was not here back then."

Nevertheless, "those dangers are present" in Panama, Gelbard stated, adding that "we worry over countries that are small and fragile, and which are vulnerable to be taken over by criminal interests."

He said that Panama is of "great importance" to the United States, thus the United States wants to ensure that there is a "strong legitimate financial sector" in Panamanian territory.

"If Panama does not take strong measures to clean up its financial sector, "it will become more and more difficult for the United States to back international financial activity through that country," the assistant secretary warned. [quotation marks as published]

Gelbard admitted that Panama is no longer the hemisphere's most important money-laundering center (after the United States) such as the State Department charged in 1993, a dubious honor that has probably been passed on to Mexico. Gelbard, nevertheless, underscored that Panama is still a place where "billions" of dollars are laundered every year.

Gelbard noted that Panama needs to "do much, much, more" to clean up its financial institutions, and the nonfinancial ones too, such as the Colon Free Zone. He said that "1996 is the year in which we expect to see results."

Gelbard also said that Panama's international image is reflected in the fact that Russia popularly uses the word "panama" to refer to a fictitious corporation created for illegal use. "If I were a Panamanian, I would be worried about that," Gelbard said.

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Panama: Daily Interviews U.S. Narcotics Official

PA0904041596 Panama City LA PRENSA in Spanish 8 Apr 96 p 4

[Interview with Robert Gelbard, assistant secretary of state for International Narcotics and Law Enforcement Affairs, by LA PRENSA correspondent Betty Brannan Jaen; in Washington on 5 April: "Panama Launders Thousands of Millions of Dollars"]

[FBIS Translated Text] As assistant secretary of state for international narcotics, Robert Sidney Gelbard is one of the most influential, if not feared, officials in Washington. Gelbard directs the annual certification process of the countries that cooperate with the United States in the struggle against drug trafficking, a process that has tremendous impact over Latin American nations, as attested by this year's decertification to Colombia.

Gelbard began his international career in 1946 as a member of the Peace Corp in Bolivia, and after 20 years of diplomatic service returned to that country as ambassador in 1988.

In his spacious but simple office on the seventh floor of the U.S. State Department building in Washington, Gelbard received this correspondent this past Friday for an interview. At the end of the interview Gelbard expressed the affection he feels for Panama, a country he has visited on countless occasions. Part of that affection toward our country is because it was on the beautiful island of Taboga where he and his wife decided to get married in 1968.

Although Gelbard speaks excellent Spanish, the interview was conducted in English.

[Brannan] Mr. Gelbard, two years ago when Panama was nearly decertified during the Endara administration, the State Department report stated that Panama was the most important money-laundering center in the hemisphere after the United States. It this still the case?

[Gelbard] I believe Panama is no longer the biggest money-laundering center in the hemisphere, but it certainly is one of the most important.

[Brannan] If we are no longer the biggest money-laundering center in the world, after the United States, does that not indicate that Panama has made significant improvements in its struggle against money laundering?

[Gelbard] What has happened over the past three years that I have been in this position, is that we have seen some progress (by Panama). In order to obtain a certification, what the law requires, is cooperation from the foreign government. I believe the Panamanian Government has been cooperating with us, but it is clear that there is still much, much, more to be done. The Perez Balladares administration has made a good start, but it is also clear that it is only a start.

What we do not believe is reasonable is the argument that money laundering occurs in other countries, and that for this reason they cannot be criticized because we are putting them in a position of financial disadvantage.

[Brannan] Have Panamanian officials been telling you that since money laundering takes place in other countries, why not in Panama?

[Gelbard] It has occurred. Yes.

[Brannan] Could you expand in this issue?

[Gelbard] Well, some individuals have told me that, and frankly speaking we reject that same line of argument, which I have also heard in other countries. I know of some bankers in Caribbean countries who claim they will only do it when other nations do it. That same justification leads us to the question of whether or not it is allowable to commit a crime merely because others also do it. Obviously, the answer is no.

My concern is that Panama is of great importance to the United States, and we want to make sure that there is a legitimate financial sector in this country. The only way we can ensure this is by adopting every measure possible to eliminate, or try to eliminate, illegal activities. Insofar as the Panamanian Government fails to do this, it would be more and more difficult for the United States to support [any] international financial activity through Panama.

[Brannan] When you say that Panama has to do more, what do you mean by that? What is it that we are failing do, which we should do?

[Gelbard] As I said, there has been a good start, but there is need for tougher actions against money launderers and other illegal activities taking place in the financial sector, in the financial institutions as well as the nonfinancial, particularly the Colon Free Zone. There is so much money laundering in Panama that one does not know where to start.

[Brannan] Do you have any specific details with respect to the volume of money laundering in Panama?

[Gelbard] It is difficult...

[Brannan] Are we talking about millions of dollars or thousands of millions?

[Gelbard] Thousands of millions. The volume is too, too large... I have seen that there are individuals within the current administration, who under the leadership of President Perez Balladares have helped to bring about a good start, but is it essential to bring about results, and

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1996 is the year we anticipate that there will be good results.

[Brannan] Is there any concrete difference between the support you have received from the Perez Balladares government and the one received from the Endara administration?

[Gelbard] Yes.

[Brannan] Could you explain what the difference is?

[Gelbard] We are receiving much more cooperation from the Perez Balladares administration. Cooperation has increased dramatically. I believe they have given evidence of more political willingness to act in view of a whole succession of issues. The Endara government had a good start, particularly as relates to cooperation efforts to eradicate coca plantations near the Colombian border, which has continued. Police efforts have now increased and the struggle against money laundering has been launched. Before, these efforts were practically nonexistent. I believe Victoria Figge is a person who has already made a constructive effort in the Free Zone, even though there is still more to be done.

[Brannan] What would you like to see done at the Free Zone that is not been done?

[Gelbard] It is evident that there is much money laundering and other activities, which the Cali cartel, in particular, is carrying out through the Free Zone.

[Brannan] The term "political willingness" is so vague that Panamanians have difficulty understanding what it is exactly you want from our government. For example, President Clinton cut back the number of staff assigned to the antidrug czar from 146 officials to 25, which could prompt one to say that the Clinton administration itself has not shown much "political willingness" to struggle against drug trafficking.

[Gelbard] I believe it is an absurd justification. The important point is that the Clinton administration has attempted to do something which no other president before has ever attempted, which is to dramatically increase our emphasis and resources for education, prevention, and rehabilitation, and attempt to cut back demand in this country. We have also tried to increase our international budget, as attested by the assistance Panama has received.

[Brannan] So if we Panamanians would like to have an understanding of the real indicators you are seeking to determine if a government has sufficient "political willingness"...

[Gelbard] ...Panama has to think about its own future. Panama has to think about the fact that the Cali cartel has a lot of influence. Our bases will close down very soon. The United States will reduce its presence, and if one takes into account that the U.S. military presence has had some dissuasive effect, one has to ask oneself what will happen to Panama... Clearly, with the significant level of illegal activity there is in Panama, I must say that as an individual personally concerned about Panama, I am very apprehensive.

[Brannan] From a strategic point of view, do you perceive any need for the United States to maintain some bases in Panama?

[Gelbard] I have no opinion on that.

[Brannan] Returning to the issue of "political willingness," if Panamanians were to seek an understanding of these indicators that you analyze when you look at a country like Panama, what are the indicators for which we should look?

[Gelbard] What I would like to see is increasing effort from Panama, including an increase in resources earmarked for this problem.

[Brannan] Is it possible that when you speak of "political will" you are referring to factors that are not public knowledge? For example, during the Endara administration a high-level source told me that one of the things that had annoyed the United States was that you wanted to place an undercover agent in each bank and that Endara's government refused to allow this.

[Gelbard] I never heard anything about that. Look, when I speak of "political will" this translates into resources assigned to the problem and the will of the politicians to go after the institutions — both banking as well as others — that are involved in money laundering.

[Brannan] Your report this year indicates that there is corruption in the Panamanian Government, including the judicial branch. Could you provide details?

[Gelbard] No, but we maintain what we state in the report.

[Brannan] TIME magazine's Elaine Shannon recently wrote, referring to the huge volume of money laundering in Mexico, that "Mexico is the Panama of the 1990's."

[Gelbard] Yes. The Mexican Government is preparing itself to deal with this and has announced serious legislation against money laundering. This is one of the topics that we discussed last week when I accompanied General McCaffrey to Mexico.

I would point out that "Comrade Criminals," a book written by Stephen Handelman, says that there is a new word in Russia. The word is "panama" and it means a fictitious corporation. If I were Panamanian, I believe I would be worried over my reputation.

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The dangers are there. We worry about small and fragile countries that are in danger of being taken over by the mafias. I believe that it is of particular importance to Panama, especially due to its strategic geopolitical location and looking at the post-1999 period, to strengthen itself in every possible way. This includes its economy, its financial system, and its capacity to fight criminal activity. The Cali cartel, the Mexican cartels, and other mafias, are extraordinarily powerful, and the government has the responsibility of defending its countries and peoples against them. Panama already had one experience. The real question for Panama is how did it like having Noriega ruling the country? Does Panama want to have this again? The answer is clearly no.

[Brannan] I know this is not an original question, but I must ask: What right does the United States have to judge other nations on the drug-trafficking problem?

[Gelbard] The reply is that we have a right to because drugs have a direct impact on our people; we have the obligation to protect our people, but we also want to protect democracy, its establishment, and its consolidation. We feel that it is critical, particularly in a post-Cold War context, where we see new and very dramatic threats to democracy, which are not communism or fascism, but are still very real antidemocratic forces. Unfortunately, Colombia is a very sad example of the power these forces wield.

[Brannan] Part of Colombia's problem is that narcomoney infiltrated its presidential campaign. Regarding Panama, do you have any indication that this was the case with President Perez Balladares' campaign?

[Gelbard] No.

[Brannan] Do you have any indications that narcomoney infiltrated Endara's government?

[Gelbard] I was not here at that time.

[Brannan] Might it be that the certification process has been politicized, thus Mexico is saved from criticism because it is a U.S. partner in NAFTA, and this needs to be defended regardless?

[Gelbard] Nothing of the sort. The process is not politicized.

[Brannan] Then it would be ridiculous to suppose that Endara was practically decertified because the Clinton administration, which came to power in 1992, wanted to disparage the Panamanian Government, which the Bush administration had installed by means of an invasion?

[Gelbard] I will not even reply to that question.

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Argentina

Argentina: Jail Mutinies End, Situation Returns to Normal

PY0804150996 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0026 GMT 8 Apr 96

[FBIS Translated Text] La Plata, 7 Apr (NA) — The situation at Buenos Aires Province jails returned to normal during the afternoon after more than 1,000 inmates who took over the Sierra Chica Prison reached agreement with Buenos Aires authorities.

The "domino effect" which began with the rebellion at Sierra Chica on 30 March was repeated this afternoon when the inmates who took over other Buenos Aires prisons followed suit and surrendered.

The heads of the Sierra Chica mutiny surrendered at around 1100. Two hours later the 475 inmates who had taken over the prison in Bahia Blanca also ended their protest and surrendered.

Prisoners at the penitentiary units in Junin and San Nicolas, who have been on hunger strike for several days, also ended the strike.

In Mar del Plata, the 350 or so inmates on hunger strike in solidarity with their fellow inmates in Sierra Chica also ended their strike.

At about 1530, the women inmates at Los Hornos ended their protest, and one hour later the mutiny at Lisandro Olmos also ended. Some 3,334 prisoners took over the Olmos prison on 31 March, keeping two prison guards hostage until today.

Sargent Luis Perez and two inmates were injured in confrontations in this unit.

The 336 rebel inmates at Azul liberated the four Buenos Aires Penitentiary Service agents they taken hostage and surrendered around 1730.

Three guards and one prisoner were wounded during confrontations at Azul.

Unit 9 in La Plata was the last prison to return to normal. The 964 inmates decided to end their mutiny at around 1900.

Four people were injured here, three from the penitentiary force and one prisoner.

Yesterday the women inmates at Federal Unit Number 3, in Ezeiza, ended their mutiny following the signing of an agreement with the Penitentiary Service.

[Buenos Aires TELAM in Spanish at 1247 GMT on 7 April reports that "one inmate from the Sierra Chica Prison," who "was stabbed when the incidents started on 30 March, died today."

"Penitentiary sources told TELAM that the inmate was identified as Maillet Navarro, 51, who died at the Colonel Olavarria Municipal Hospital today, becoming the first officially recognized victim of the mutiny."]

Argentina: New Cabinet Chief, Education Minister Sworn In

PY0904022696 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2243 GMT 08 Apr 96

[FBIS Translated Excerpt] Buenos Aires, 8 Apr (NA) — President Carlos Menem this afternoon swore in Jorge Rodriguez as the new chief of the Cabinet of Ministers. Rodriguez replaces Eduardo Bauza, who resigned.

Prior to swearing in Rodriguez, Menem also swore in Susana Decibe as the new education minister. Decibe is the first woman in Argentine history to occupy a cabinet post. [passage omitted]

Argentina: Vice President Ruckauf Visits Canary Islands

PY0804163596 Buenos Aires TELAM in Spanish 0516 GMT 4 Apr 96

[FBIS Translated Text] Las Palmas de Gran Canaria (Spain), 4 Apr (TELAM-SNI) — At the invitation of Insular Council Head Jose Macias, Argentine Vice President Carlos Ruckauf arrived in the Spanish island of Grand Canary today on a one-week visit.

The EFE News Agency reported that Ruckauf arrived at the Grand Canary Airport early this morning and was met by Macias.

After a few days on a private visit, the Argentine vice president will begin his official visit on 8 April.

During his official visit, Ruckauf will meet Manuel Hermoso, Autonomous Canary Islands Government president; Canary Islands Congress President Jose Miguel Bravo de Laguna; and Jose Manuel Soria, Las Palmas de Gran Canaria mayor. He has also been scheduled to meet representatives of the Canarian Entrepreneurs Confederation and the Chamber of Commerce.

Ruckauf will leave for Argentina in the early morning hours of 10 April from the Grand Canary Airport.

Argentina: People's Revolutionary Group Claims Attack

PY0804175696 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2016 GMT 5 Apr 96

[FBIS Translated Text] La Plata, 5 Apr (NA) — The People's Revolutionary Organization [ORP] has claimed responsibility for the attack on former Buenos Aires police doctor Jorge Berges, who was shot by two

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men as he was leaving his house in the town of Quilmes. The two men were aboard a truck.

In a communique sent to the media, the ORP explained that the attack on the gynecologist, who allegedly abducted missing people's children during the past military dictatorship, "was conducted within the framework of actions to mark the 20th anniversary of the military coup" perpetrated on 24 March 1976.

The communique indicates: "A commando performed the sentence on Berges." The ORP also announced more attacks and claimed "the series of sabotage actions reported on the coup's anniversary."

The half-page, typewritten communique emphasizes that Berges had allegedly been sentenced to "execution by a firing squad" but does not explain anything about the outcome of the attack.

Recounting "the repression" and the violence that prevailed in our country in the 1970's, the ORP openly described itself as the avenger of those "who fell" during those years.

Argentina: Brazilian President Previews Agenda for Visit

PY0804214496 Buenos Aires LA NACION in Spanish 6 Apr 96 Section 1 p 4

[Interview with Brazilian President Fernando Henrique Cardoso by special correspondent Carlos R. Roberts at Planalto Palace in Brasilia; date not given]

[FBIS Translated Excerpt] [Roberts] With the exception of Argentina's trade surplus, the bilateral agenda for your visit to Buenos Aires does not seem to include any conflictive issues. Are you concerned over this imbalance?

[Cardoso] We were concerned over this issue three years ago when we had to regain $10 billion. The balance has been regained through oil purchases. Nowadays, Brazil achieves a surplus one year, and the next year Argentina achieves a surplus...

[Roberts] Argentina has been achieving a surplus since October 1994.

[Cardoso] To compensate for former Argentine losses (laughs). What really matters is that the two countries are gaining through the huge growth in bilateral trade. Disadvantages are momentary. Nowadays, we have a very good relationship with Argentina and we want to keep it this way. We have always been very clear on this issue. In my opinion and in Brazil's opinion, Argentina represents a fundamental "parceiro" [partner] (companion).

[Roberts] In Argentina, some people believe some sectors in your country are reluctant to observe the Mercosur [Common Market of the South] rules. Last year's car import quotas represents an example for this problem.

[Cardoso] Brazil had a very closed economy, with (import) tariffs totalling 40 percent on the average. Nowadays, these tariffs total 12 percent. This represents a very sharp fall in just four years. There still are some organized groups championing this market protection and they are still reacting. The government's stance, however, involves reducing resistance and enforcing liberalization. [passage omitted]

[Roberts] You have visited 17 countries in just one year. What are Brazilian diplomacy's priorities today? What is Brazilian diplomacy's message for the world?

[Cardoso] The message is that we are enjoying an open democracy, that we need capital, and that we want to participate in the discussion on world-power sharing.

[Roberts] Are you referring to Brazil's goal of becoming a UN Security Council permanent member?

[Cardoso] No. It is more than that. We want a change at the United Nations, and not merely a seat. The UN Security Council issue will be discussed in due time. I have already discussed this issue with President Menem and we don't have many problems on it.

[Roberts] Would Argentina support Brazil's entry to the UN Security Council?

[Cardoso] I don't know. I have already told Menem that, for me, our relationship with Argentina is more important than a seat at the UN Security Council. The UN Security Council is something abstract, whereas Argentina is right here, next to us. [passage omitted]

Argentina: Military Role in Drug Enforcement Viewed

PY0904014896 Buenos Aires CLARIN in Spanish 7 Apr 96 pp 14, 15

[Article by Jorge Grecco]

[FBIS Translated Text] The military has been sending clear messages to the political power suggesting that it is willing to actively participate in the fight against drug trafficking, a possibility that is currently banned by law.

The Armed Forces, but essentially the Army, see that there is a lot of money in the activity and do not seem willing to lose the opportunity to improve their budget situation.

Although only a year ago they looked with horror at a future where they had to act as policemen chasing

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drug traffickers, now they turned around and are even imagining bringing their conflict theories up to date.

The military also know that their U.S. colleagues would view their participation in the fight against drugs favorably.

That's not all: President Carlos Menem has already given public indications that he is willing to contemplate the possibility. At the end of March 1994 the president denied that the government anticipated military participation in the fight on drug trafficking, adding "for the time being." These words are currently being used by the military when depositing their trust in Menem's last words.

The president referred to a military participation in the campaign on drugs after receiving U.S. Vice President Al Gore, with whom he discussed "the scourges of drug trafficking and terrorism."

This was not the fist time the president seemed enthusiastic about the idea of allowing the military to participate in this arena: In October 1989 the government studied the possibility of creating a "rapid deployment group" to fight drug trafficking that was to be commanded by then Colonel Mohamed Ali Seineldin.

Word from the Pentagon

It is not a chance that each time a important U.S. official steps on Argentine soil officials talk about an eventual military participation in the fight on drug trafficking.

At the end of February the issue came to the fore once more. Our visitor then was Defense Under Secretary Walter Slocombe. "Our security still faces important challenges. In these challenges the military will have a very important role," the second in command at the Pentagon said. Then the official mentioned as some of those challenges the threat of terrorism, the increasing traffic in narcotics, and drug-related terrorism.

Justicialist Party Deputy Miguel Angel Toma, president of the Chamber of Deputies Defense Committee, hit the roof when hearing the statement and argued with Slocombe.

Toma had active participation in the design of the Defense and Internal Security Law that banned the military from participating in internal matters, including the repression of drug trafficking.

"Toma says what the Argentine Coast Guard and the National Border Police think," sources at Army headquarters, in the Libertador Building, shot back. The phrase alludes to the opposition of these two security forces to a military participation in these matters. The problem is that the fight on drug trafficking has become the foundation on which the Border Police and Coast Guard operate. These two forces from time to time see their existence threatened by projects that appear to dissolve them into the Navy and the Army, respectively.

A Lot of Money

The military knows that within a very short time the United States will distribute some $5 billion in Latin America to armies involved in the fight against drug trafficking.

This immense sum of money lies in the hands of retired General Barry McCaffrey, director of U.S. drug control policy.

The U.S. general and [Argentine Army Commander] Lieutenant General Martin Balza became very good friends, which gave the Army a heavyweight promoter in Washington at the time that it decided to go ahead with its reequipment project.

The Argentine military sector believes it could receive some $2 billion in equipment if it aligns itself with the armies fighting drug trafficking. That sum is equivalent to what it would receive as a total during the next eight years with its current operational budget.

When Slocombe boarded that plane and returned to the United States, the congressmen learned that the discussion would not be filed away in the drawer of the anecdotes.

Some 50 advisers and former military men that work for the national senators and deputies were invited by the Army two weeks ago to have a glass of wine and to eat empanadas.

There was a mixture of Peronists [Justicialist Party]; Radicals [Radical Civic Union — UCR]; followers of Aldo Rico [Movement for Dignity and Independence]; and Liberals, all of them dressed in coats and ties.

Between glasses of wine, each adviser was told that the reopening of the discussion regarding the contents of the Defense and Internal Security Laws was one of the Army's priorities.

"Everything has changed. So why not change that too? The advisers meditated in the Libertador Building, when they accepted the fact that they themselves did not want to involve themselves in this subject just one year ago.

The Radicals are not willing to open channels for the military. The UCR's shadow cabinet, through the "shadow minister" of defense, Angel Tello; the "shadow secretary" for military affairs, Jose Ugarte; and the "shadow secretary" for drug enforcement, Gaston Ortiz Maldonado, have warned in a communique that "the use

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of the Armed Forces in the fight against drug trafficking is the equivalent to militarizing internal security."

While the debate continues, the military is also working with the policy of a fait accompli. Through a Pentagon military aid program, the Army in mid 1995 received 21 OV-1 Mohawk planes, which are used for reconnaissance and tactical surveillance purposes, and they are ideal for use where border crossings exist and thus discover the activities of the drug traffickers.

"The United States would not give us those planes if it did not agree to our involvement in that matter," they say smiling in the Libertador Building in order to demonstrate that they are not alone.

Argentina: Menem Supports Reelection of Brazil's Cardoso

PY0804163496 Buenos Aires TELAM in Spanish 1600 GMT 7 Apr 96

[FBIS Translated Text] Buenos Aires, 7 Apr (TELAM) — President Carlos Menem today expressed support for the reelection of his Brazilian counterpart Fernando Henrique Cardoso, but admitted that it would be necessary to amend the Brazilian Constitution, as occurred in Argentina.

"Brazil requires the continuity of a president like Cardoso," Menem told a group of Brazilian journalists at the Oscar Alfredo Galvez racing circuit press room.

Questioned by Brazilian journalists on the Brazilian president's visit to Argentina tonight, Menem described Cardoso as "a great statesman and a great economist."

Nevertheless, Menem admitted that "it would be necessary to amend the Constitution, as happened here," to permit the continuity of his Brazilian counterpart.

Argentina: Army Official Denies Drug Enforcement Interest

PY0904022396 Buenos Aires TELAM in Spanish 1315 GMT 8 Apr 96

[FBIS Translated Text] Buenos Aires, 8 Apr (TELAM) — Army Commander Lieutenant General Martin Balza today characterized a newspaper report suggesting that the Army was interested in participating in the fight against drug trafficking as "inaccurate" and "unreal."

"The Army has never analyzed the issue. Our defense law clearly establishes that the Armed Forces can give logistical support to our security forces, but not participate directly" in the fight against narcotics, Balza told Radio del Plata.

Balza refuted the contents of an article published by CLARIN on 7 April saying that "the military has been sending clear messages to the political power suggesting that it is willing to actively participate in the fight against drug trafficking."

"The statement that the Army pretends to promote a bill in Congress to amend the Defense and Interior Security Law in order to allow the Armed Forces to participate directly in the fight on narcotics is totally unreal and inaccurate," Balza said.

Balza added that the defense law "establishes that the Armed Forces will participate in the struggle against this scourge by providing logistical support to security forces."

"The disposition talks about transportation, communications, or housing, but the military cannot participate directly," Balza emphasized.

The military chief said that during the last Americas Armies Conference in Bariloche last year, "the Argentine Army opposed the idea of including the issue of drug trafficking as an item on the agenda of the next conference that will be held in Ecuador."

Balza also denied that the issue of the fight on drug trafficking was discussed during a meeting between him and General Barry McCaffrey in Washington.

"We have good relations with Gen. McCaffrey, but we have not discussed the issue," the Army commander said, adding: "We talked about the good repercussions of an exercise carried out by multinational peace forces in August or September of last year.

Argentina: Brazil's Cardoso Begins Official Visit

PY0804175496 Buenos Aires TELAM in Spanish 1459 GMT 8 Apr 96

[FBIS Translated Text] Buenos Aires, 8 Apr (TELAM) — Brazilian President Fernando Henrique Cardoso and Argentine Foreign Minister Guido Di Tella agreed today that bilateral relations are "exemplary" and enjoying their best moment in history.

Cardoso said relations between his country and Argentina "are exemplary, because you can feel the brotherhood" between nations.

The Brazilian president began his official activities in this city this morning. He placed a flowers wreath at the General Jose de San Martin monument, in the square with the same name, in the Retiro neighborhood.

Foreign Minister Guido Di Tella and Buenos Aires Mayor Jorge Dominguez attended the ceremony. Dominguez presented Cardoso with the symbolic keys of the city.

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Also present were Lieutenant General Mario Candido Diaz, Joint General Staff; Justicialist Party Senator Eduardo Vaca; and members of the Brazilian entourage.

Cardoso expressed gratitude for the "warmth" with which his country's delegation was received in Argentina, stressing that "the brotherhood between Brazil and Argentina that has been built over the years has now matured."

Cardoso emphasized: "I am here with a lot of enthusiasm to tell you that Argentina is like a sister to Brazil; much more than just a member of the same Latin American family."

He said: "There are no insurmountable difficulties. I am sure that together we will do much for our peoples."

Di Tella said: "Relations between Argentina and Brazil enjoying their best moment in history."

The Argentine minister said: "You may consider it a presumptuous phrase, but do not have any doubt that it is true," adding that both delegations "will discuss very deep and determining issues."

Cardoso arrived at the Jorge Newbery airport last night within the framework of an official visit to Argentina that will end on 10 April and during which the Brazilian president will have several meetings with President Cardoso and other government officials.

Argentina: Brazilian President Lauds Menem at Luncheon

PY0904032796 Buenos Aires TELAM in Spanish 1837 GMT 08 Apr 96

[FBIS Translated Text] Buenos Aires, 8 Apr (TELAM) — Brazilian President Fernando Cardoso today lauded his Argentine colleague, Carlos Menem, for the political determination that he has contributed to forge "exemplary" bilateral relations.

"I want to address my first words to President Menem, who is a friend of Brazil, a man who helped with determination and willingness to forge exemplary relations between my country and Argentina," Cardoso said during a luncheon with businessmen from the two countries and in which Menem also participated.

The Brazilian president said that bilateral relations "were not always like this. The generation to which President Menem and I belong grew up with the viewpoint that Brazil and Argentina were rivals."

He added that "very few were capable of perceiving that the rapprochement between our societies was our historical destiny, a destiny that is now being achieved and it will remain as our legacy for future generations."

"Thus, we have arrived at current times and this due to the courage and clairvoyance of those Brazilians and Argentines to free ourselves from the past and to look to the future and forge relations without distrust or ingenuine aversion," the visiting chief of state stressed.

Cardoso, who addressed the businessmen in Spanish, maintained that "if the instruments of rapprochement were created by the governments, by the leaders of the two countries, it is now the turn of the economic agents and society to carry out the task of strengthening even more the ties between the two countries."

Cardoso said that "in a business community the decision to invest is based on confidence, foresight, and on the perception that courses have been set and that they are firmly being followed."

"This is what Brazil and Argentina have to offer today. They are countries that have well-defined national projects that converge at various points and there is one point that must be considered essential: The priority of integration," he said.

"We are sure that this will be the permanent goal of the two countries and that it will always be present in their strategic decisions," the Brazilian president said.

Cardoso also considered that economic relations between Brazil and Argentina "must not be confused with Mercosur [Common Market of the South]. They precede Mercosur, they are the genesis of Mercosur."

"Mercosur is a platform from which we will seek to build an expanded economic space integrated within Latin America without renouncing the defense of our interests because without preserving identities no union would be possible," Cardoso said.

He then maintained that South America "is a geographical and historical scenario and we now want to change it in to an economically dynamic and politically stable region. Only thus will we be prepared to successfully face the challenges that a globalized economy imposes."

"Mercosur is also an example of the development potential that exists in South America," Cardoso said, and he highlighted the "success of a true integration culture with a firm and solid base."

He recalled that since the creation of the regional market "we have gradually eliminated the tariff barriers for trade between its members, we have multiplied interregional trade fourfold, and we have set a common external tariff, thus transforming Mercosur into a customs union with a unified trade policy."

The Brazilian president highlighted the fact that the dynamics of bilateral economic relations make Brazil

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"Argentina's first trade partner and that Argentina is the third market for Brazilian products. The number of Brazilian enterprises that are being installed here grows day by day in the same way that the Argentine (companies) are looking toward Brazil."

"The ministers speak with one another very frequently. President Menem and myself have a dialogue, which because it has become very close and frequent, has become a powerful instrument that helps us overcome any type of problem that could emerge in our economic relations," the Brazilian chief of state emphasized.

Cardoso also reviewed the achievements of his government and he pointed to the Real Plan, but he admitted that Brazil "needs to promote reforms to reduce the state apparatus and place emphasis on the administration of the basic services" and on "correcting the social imbalances."

He also referred to the privatization process of state companies in his country, and he said that "we want to find a just balance between the necessary profitableness and the defense of public interests. This is why we do not want to implement hasty measures."

On explaining aspects of Brazil's financial system, Cardoso said that "no country can achieve long-term sustained development without having solid financial institutions that can transmit confidence to the public and they must also be capable of financing the nation's development."

Finally the Brazilian president reaffirmed his conviction that bilateral relations are experiencing "a time of extraordinary dynamism," and he expressed his thanks to the Argentine and Brazilian businessmen because they are the "pioneers of this liaison that is something of which to be proud."

Argentina: Cavallo's 'Growing Political Isolation' Viewed

96SM0187A Buenos Aires LA PRENSA in Spanish 17 Mar 96 p 11

[Commentary by Sergio Crivelli: "The Same Old Story"]

[FBIS Translated Text] The political wing is prevailing in the battle inside the administration. What triggered it is the recession that Cavallo cannot overcome in the short term.

The unending battle between Domingo Cavallo and the administration's political wing flared up again last week, and the outcome was one that has been seen before: The minister was on the losing end. What has triggered the battle is the combination of recession and unemployment that Cavallo has not succeeded in surmounting since the "tequila effect" of a year ago. This circumstance has encouraged certain men close to the president to argue that the economic program is petering out.

The feud is having a doubly negative effect. On the one hand, it is weakening the administration's most credible figure, and on the other it is further delaying a recovery. As economist Guillermo Calvo explained in LA PRENSA on Wednesday, the feuding and rumors are prolonging the recession by delaying investment and consumption decisions.

How is the minister coping with the attacks by his enemies and the vicious circle of rumors, the weakening of his position, recession, more rumors, further weakening, more recession? With a two-pronged strategy. In the battle inside the administration he has lowered his profile and decided to fight back without responding to the attacks from the political sector. He promised as much to his staff last Wednesday.

As far as practical solutions to reduce unemployment and ease the recession are concerned, he proposes more of the same: belt-tightening and lower costs. The orthodox approach to expanding job opportunities, according to Cavallo, is to reduce business costs. However, this does not square with what is actually happening, because the cause of our extremely high joblessness is the slowing of economic activity.

According to reliable statistics, labor costs declined 12 percent from 1994 to 1995, but employment did not rise. On the contrary, unemployment doubled during this period from 9 to 18 percent. Close to 260,000 jobs were lost, and 650,000 more people entered the labor market in search of work; as a result, unemployment stands at nearly 900,000, an unprecedented number.

Vis-a-vis public opinion, Cavallo is portraying the conflict as a battle between the old protectionist, inflationary model and the free-market model implemented in most sectors of the economy in 1991. No one, however, neither in the administration nor in the opposition, wants to return to inflationary policies. Or at least no one is saying so explicitly.

Hence the minister's rejoinders seem like blows that are failing to connect. No one is taking up the challenge. And the situation becomes even more unreal when the minister asks to appear on television to deny the obvious: The feuding inside the cabinet and his growing political isolation. Furthermore, to blame what is happening on the perversity of the Radicals, who he says want the administration to fail, or on Congress makes the entire situation even more pathetic.

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For its part, the Peronist administration's political sector is pursuing the battle with a steady strategy that has enabled it to post several consecutive victories. It has managed to oust four important colleagues of the minister (Parino, Dadone, Grisanti this past week, and Gaggero), and the list does not seem finished.

Who will be next? If we are to go by what major Peronist spokesmen in Congress are saying, the next victim of the administration infighting could be Carlos Bastos, the secretary of energy and transportation. His vulnerable flank, they say, is a decree that they interpret as having been designed especially for "Energy Trader," a company linked to a brother of his. Whether this turns out to be true or not, the fact is that the hostilities are continuing, contrary to the opinion of those who contended after Haroldo Grisanti's ouster that this was an isolated episode.

The game plan of capturing the pawns defending the king one by one is obvious. It is also obvious that the ultimate target is the king. The still unanswered question is when and how the game will end.

Argentina: Army Chief Balza on '76 Military Coup

96SM0193A Buenos Aires CLARIN in Spanish
24 Mar 96 p 1

[Interview with General Martin Balza, Army commander in chief, by Oscar Raul Cardoso and Jorge Grecco; place and date not given; first paragraph is CLARIN introduction — received via Internet]

[FBIS Translated Text] In this exclusive interview General Martin Balza acknowledges the existence of Operation Clarity and asserts that "we lost our bearings" in the ideological confrontation. Reflecting a further intensification of self-criticism in the military, he discusses the attitude of civilians and the National Security Doctrine.

[CLARIN] Current and future military personnel have a major legacy to revamp, don't they?

[Balza] As far as military conduct is concerned, yes. But also in terms of the motivations that Armed Forces personnel received, such as these comments (he picks up a few notes and reads): "You are the country's moral reserve, the saviors of the homeland..."

[CLARIN] These are comments having to do with civilian motivations, aren't they?

[Balza] Exactly. The military's involvement in our country's politics undermined its primary responsibility, its constitutional role and discredited it in society's eyes; paradoxically, though, a major segment of society encouraged military involvement and interruptions of the rule of law.

[CLARIN] Yes, but wasn't the message accepted because the military's ideology is receptive to any interpretation that places it above society?

[Balza] This goes back to the 1930's, when the talk was that the Armed Forces were on a higher level. I am convinced, after 45 years on active duty, a level of seniority that no one else has achieved, that we are not on any higher level. I also heard it said that "you are the repositories and guardians of the glories and traditions of the homeland." This is a very serious aberration, but I heard it from 1955 on. The hallowed interests of the nation and the safeguarding thereof are the job of all Argentines, not just the Armed forces. My belief is that "no one is the homeland, yet we all are."

[CLARIN] What price do you think the Armed Forces paid by so often ignoring that "we all are"?

[Balza] After the Armed Forces started exercising State power in 1930, there began to develop within them a sort of political party, with groups and factions. A tendency like this endangers their very existence. At times the military has run the risk of dissolution, total anarchy, a Sovietization.

[CLARIN] Wasn't such a risk implicit in the training that military personnel were receiving?

[Balza] I don't think so. In 1952, when I entered the Military College, my training was very humanistic from an academic standpoint. At some later point this characteristic disappeared. But interruptions of constitutional rule were never an explicit element in Argentine military thought.

[CLARIN] The temptation was not explicit?

[Balza] No. And the fact that it surfaced I think has a lot to do with the successive international contexts.

[CLARIN] If a takeover of power was not explicit in military training, why did it come about and why did the Armed Forces, the army included, always wind up becoming the armed wing of a dominant sector?

[Balza] This coup d'etat mind-set, whereby military personnel felt disdain for their fellow citizens and were willing to deprive them of the freedom to choose, was deeply rooted in our entire society, not just in the military. There was a sector, which was not in the majority but which was important in society and, above all, held a certain degree of power, that could never make it into government through the ballot box...and it resorted to this method, making use of the military, the army in particular.

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[CLARIN] If as you say "the training was primarily humanistic and the tendency towards coups was not implicit," why was it so easy to turn the military into a political tool of these sectors?

[Balza] I distinguished two elements. I spoke of the time when I was a cadet, even though it was the era of Peronism and there was indoctrination. After 1955 an unusual trend arose in the army. Officers at the rank of captain had very great influence, and institutional anarchy developed. From then on we heard "you are the reserve..." Politicians have told me this...They used to show up at the barracks. "You are the moral reserve; you are the saviors of the homeland..." and all that stuff. By this time anarchy had become institutionalized and as a result was conducive to a takeover of power.

[CLARIN] Was the structure of the army, of the Armed Forces in general, weak at that time?

[Balza] Yes. If its structure had been strong, if it had had the cohesion that I think it has now, cultural guidelines, respect for the institutions of the republic, everything would have been different. "History is the past clarified." We are now 20 years removed from an event that we all repudiate, some more, others less, but we all repudiate it, and you're not going to find anyone in the army...well, almost no one, who will defend the idea of a coup. We are building the army of the future. The young people in the army are the ones who interest me.

[CLARIN] What remains for these generals of the future? What does the term "human rights" mean to them?

[Balza] What remains is unqualified respect for the institutions of the republic, which is not an empty phrase. Army personnel have internalized it, even the ones who are retired and backed the coup. They now acknowledge the meaning of the term, though not all of them. Democratic values and human rights also belong to the military, because we have no reason to be ashamed of using the term human rights, since otherwise they would seem like the birthright of others.

[CLARIN] Although all coups d'etat look alike from afar, they were not all the same. The one in 1976 was different, reflecting an unprecedented lack of respect for human life and dignity by military personnel and a debasement that no one has yet altogether explained. Was there, for example, a National Security Doctrine?

[Balza] It doubtless existed, as part of the East-West conflict. Within this conflict, here in South America, anything that could help guarantee an anticommunist front was accepted. This is why there were de facto regimes in many Latin American countries, through encouragement or consent.

[CLARIN] But such outside encouragement was always impossible to halt, wasn't it?

[Balza] Such encouragement and such consent were unstoppable.

[CLARIN] What has changed today?

[Balza] Now that the East-West conflict is over, in a less predictable world with a new world disorder, those who used to tolerate coups now give priority to democratic values. Perhaps if there had been no Cold War, there would have been no upshot of coups either.

[CLARIN] If the East-West confrontation were still going on today, would democracy in Latin America be in jeopardy?

[Balza] No, absolutely not. That backdrop was a breeding ground for coups. But the years do not pass in vain. The primary responsibility of the Armed Forces was very seriously undermined by the most recent intervention. Their constitutional role was undermined, and they were discredited in society's eyes because they behaved like a political party. The lesson was well learned. The antibodies needed to fully establish the rule of law were created. Argentine society and, as part of society, the Armed Forces, which belong to it, create them.

[CLARIN] How do ideas that debase the concept of security through kidnapping and torture enter the military?

[Balza] This is the concept of the internal war, which was incorporated into military regulations in the late 1950's. It was brought back by officers who studied in France and embodied it in our military doctrine. It was a concept of traditional warfare, but a somewhat ambiguous one as it said that, depending on the framework, the war could be external or internal. This is very important because it predates any theory of national security.

[CLARIN] But was it a concept of internal warfare arising from colonialist interventions?

[Balza] In the case of Indochina, yes. But in Algeria there were 350,000 natives who supported France.

[CLARIN] In any event, we were neither Vietnamese nor Algerians nor Muslims... we were all Argentines...

[Balza] What I am saying is that the concept existed. Moreover, we have to understand, and I want to emphasize this, that society was being assaulted by the criminal terrorism, the demented terrorism that arose before 1976. Here we did indeed have the option of confronting this domestic aggression that had arisen inside our country. Let's not forget this, because it came during a democratic period, 1973-76. There was a

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reaction to this aggression, but without the capacity to confront it in full accord with the law.

[CLARIN] Long before that the army developed a line of thinking according to which our borders became a secondary concern and the major battle units functioned as a check on the government. What caused the army to assume, even before the aggression, that Argentina was a battlefield in other people's wars?

[Balza] What happened is what I talked about before. The East-West conflict had one sort of dimension for the major powers, but for the Americas, ruled by one of the powers and through the Conference of Armies of Americas, it had a clear-cut dimension, which was to form an anticommunist bloc. And this was practically unstoppable in the army's case. But we also had to see whether the aggression was intense enough to harm our institutions. We were not prepared for such a conflict, either by doctrine or by law. To some extent the intensification of the aggression took the Armed Forces by surprise.

[CLARIN] In 1976 the argument was once again that "the nation is in danger of dissolving." Do you think today that this argument was true?

[Balza] No. The nation would have preserved its essence and emerged from this serious crisis through normal, constitutional channels.

[CLARIN] Were the top military officers back then of poor quality?

[Balza] No.

[CLARIN] So why did what happened after 1976 happen?

[Balza] I don't think that this was their express intention. They were perhaps incapable of handling those moments of crisis with the prudence and clarity that the times demanded. Those who held supreme power commandeered representation of the State. That really was a very serious matter. Because even inside the government there could have been respect, as there was during previous military regimes. Moreover, power was not centralized; it was shared.

[CLARIN] Wasn't this business of equal shares of power a fiction? Didn't the army have more power?

[Balza] Officially they were on an equal footing in the distribution of ministries.

[CLARIN] And what about on real, not official issues of power?

[Balza] I think that perhaps the army had more.

[CLARIN] More power means more responsibility. Did this legacy weigh on you when you began serving? Are you having to struggle against this legacy?

[Balza] Unquestionably. The army took on a responsibility that cannot be gauged quantitatively as a one-third share. For several reasons, but especially because of the action that had been taken. Including the Malvinas issue. I have always said this: I assume complete responsibility for the past, institutionally speaking I mean, not personally because that makes no sense.

[CLARIN] Do you think that civil society has or has not engaged in something similar to the military's self-criticism?

[Balza] One part of it has, and another has not. It may take us a little longer to achieve these four things: Pacification, reconciliation, solidarity, and tolerance. We are going to wear ourselves down a bit more and take longer to achieve something very important for the takeoff we want as a people. What we could not delay doing a minute longer was to acknowledge the horrors of the past.

Argentina: Bauza Resignation, Balance of Power Viewed

96SM0203A Buenos Aires CLARIN in Spanish 31 Mar 96 p 1

[Commentary by Eduardo van der Kooy: "Bauza Left With the Idea of Returning" — received via Internet]

[FBIS Translated Text] Bauza's resignation from the cabinet marks a new era, filled with questions marks, for the administration. The balance of power is at stake. Menem tried to keep him by appointing Rodriguez. Cavallo benefits. Relations with the minister had an indirect impact on Bauza's decision.

What will the administration be like without Eduardo Bauza? What will Jorge Rodriguez do to replace a man who was almost always the architect of the administration's main political projects? Who will strike a balance in every administration feud? What will Cavallo's political career look like from here on out?

These are just a handful of the questions that have arisen since the cabinet chief announced his resignation and thus altered the landscape for Carlos Menem's administration. None may be answered until at least certain things become clear. First: To what extent Bauza is prepared to give up his Senate role as the president's spokesman and executor, which he has played since 1989. Second: How Rodriguez adapts his habitual political moderation to a pressure-filed post with a high public profile. Third: Whether a potential outburst by

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Cavallo will now too be stemmed before it reaches the president's office.

Bauza did indeed leave his post for health reasons, but his declining health was no accident. Ever since the constitutional reform forced him to, the cabinet chief had been overburdened with demanding work. He suffered with every report that he had to submit to Congress and made a big thing of his regular, demanding contacts with public opinion. As early as late last year, "when the possibility of returning to Congress no longer existed," and even during the summer, he was looking into one plan of salvation that never really won him over.

Roberto Dromi had developed a new arrangement for the cabinet chief's office that was designed to relieve him of responsibilities; in the judgment of the former public works minister, however, it had to include new staffers in addition to a change in structures.

Nothing would have saved him, though, from having to wade into every one of the feuds that periodically break out in the administration. We are talking in particular about the one pitting his friend the president against the economy minister. He almost never met with Cavallo any more. He had endured a thousand and one annoyances, but perhaps "in tune with Menem" began to feel he had had enough after the minister spoke out last year about the ties between so-called mafias and the government. The meeting with Chacho Alvarez and Graciela Fernandez Meijide still has his stomach churning even today. Bauza reacted to every such run-in by holding a series of consultations with businessmen and economists, Roberto Alemann and Ricardo Broda among others, that invariably turned out to be fruitless. He never found anyone who would dare tell him in earnest that Cavallo's departure would not turn into a traumatic experience for the administration. Among all the hubbub one episode that went unnoticed lays bare to what extent he was fed up. He waited too long to ask the postmaster general, Haroldo Grisanti, to resign after his indictment, thus paving the way for the president to fire him over the radio. All of this probably explains why Bauza tried to leave some obstacles behind when he resigned. The idea of bringing in Carlos Corach and Julio Cesar Araoz was not exactly innocent. The interior minister is the man whom Cavallo most detests, and the secretary for the battle against drugs is a long-time enemy, almost from the very moment that Cavallo was introduced into Peronism in Cordoba by Jose Manuel de la Sota. There was quite a bit more to this than just a proposal. After convincing the president "during a second chat" that he needed to leave, Bauza worked out a succession plan along with Eduardo Menem. They even set a day and hour. If Menem had approved the plan, Corach and Araoz would have taken office the next day at 0900 hours. The interior minister was bouncing along on his trip through the Middle East and was on the verge of taking an emergency flight home when the president changed course and left everything as it was. It was not until Friday, in Paris, that he understood the meaning of the cryptic remark that Bauza had made to him before he left for Israel: "You're going to get a little present when you come back," he had commented to a confused Corach.

Menem did not think the matter over too long. He felt that appointing them could put Cavallo in a dead-end street and, as a result, lead to a crisis with consequences that would be hard to predict. The minister did not seem to have a direct or indirect influence. He found out about Bauza's departure on Thursday as he was dining in a restaurant. Perhaps, though, the tenor of the one-on-one meeting that he and the minister had on the evening of Saturday the 16th in Olivos weighed on the president's mind. For a brief moment, it was learned, they spoke with no holds barred and set certain guidelines so that their partnership would not break up right now. The economy does not seem to be in a position to endure a political storm, nor does the international financial community believe in our economy. Amid the praise for both the president and the minister, the assembly of the IDB conveyed this unequivocal message: Their partnership continues to be seen as the sole guarantor of the economic model.

Menem took pains to convey a reassuring message at the assembly. Each of his moves vis-a-vis the bankers was in pursuit of two objectives: Make clear that his ties with Cavallo, though strained, are still in place, and convey the firm message that as long as he is in office the economy policy will not follow the Peronist prescriptions of times past. We can thus understand why events took the course they did. The president did not have a lot of cards in his hand, and just two remained in it down the stretch. Over the last few meters the secretary of state intelligence, Hugo Anzorreguy, was left behind.

The specter of Cavallo once again influenced Menem. The minister has often believed that some of the misfortunes that have befallen him could be traced to Corach, but with logistical assistance from SIDE [Secretariat for State Intelligence]. Rodriguez was thus left quite alone. The education minister seemed to be the only person capable of assuring the president that there were no pre-existing conflicts and of maintaining the political equilibrium that has obsessed him since he learned that the post of cabinet chief would be vacant. Rodriguez has always had Bauza's backing, even at times when education policy was a hot issue. No one

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recalls Rodriguez ever making an ill-advised move or a venomous remark at cabinet meetings. His private and public life has tended to be much quieter than is the norm in the administration, and in this regard he is similar to Bauza.

The political traits of the two are quite different, however. Bauza turned the cabinet chief's post into something more important than the constitutional reform documents had provided for. He ran the administration and planned each of Peronism's steps in government. There was an additional factor involved here that neither Rodriguez nor perhaps anyone else may have on his side: The friendship and trust between Menem and Bauza, which gave the cabinet chief an almost unlimited sphere of action. The education minister, however, guaranteed the president the sort of restraint that no other candidate could offer: The political fate of his efforts will depend on Rodriguez himself now. The areas that he does not cover will have definite occupants. As cabinet chief he will not be the insurmountable obstacle to Alberto Kohan that Bauza was.

Corach, whom the president has held in higher esteem for some time now, will also be more in the limelight. Otherwise, the minister would not have taken Guido di Tella's place in seeking a role for Menem in mediating between Israelis and Palestinians. The interior minister also maintains good ties with the opposition, and no one is unaware of the influence that he has in a touchy sector for Menem: The justice system. The loose end would still seem to be Cavallo. The minister breathed a sigh of relief when he learned of Rodriguez' appointment, but he also became aware of this new fact: His next tantrum will probably not have the buffer that Bauza often provided. He may have a face-to-face run-in with Menem, but no one knows whether after the most recent ruckus in the cabinet there is still room for another. Every day will be a test for Cavallo. During the IDB assembly Menem himself reproached his minister, in the bankers' presence, for the 4.4 percent drop in the GDP in 1995, the 16 percent decline in investment, and the extremely high jobless rate. Cavallo replied with a speech that focused on the problem of corruption. It seemed as though each was talking to the other, not to the audience. The minister learned on Thursday that the nation's attorney general, Angel Aguero Iturbe, deemed the evidence that Cavallo had submitted against Alfredo Yabran, the parcel-delivery entrepreneur, insufficient to continue his investigation. Menem himself put the finishing touches on it: "Anything else is up to the people who might have felt wronged by Cavallo," he remarked.

Minister Rodolfo Barra, with the president's consent, blocked Cavallo's proposal to create an intelligence agency to investigate money-laundering operations and left the recommendation in Araoz' sphere. There was another surprise too. Kohan sent the economy minister a letter asking him to confirm or withdraw his assertion that the secretary general had ties with one of the people implicated in the Banco de la Nacion-IBM case. The threat of a lawsuit hangs over Cavallo's head. There is nothing to suggest that all of these frictions in the administration are suddenly going to ease. But soon nothing will be as it was. Bauza is already thinking about a Senate seat, having begun to make plans this very weekend in Mendoza. He realizes that a political comeback will depend on regaining his health, which suffered from all the tumult. His role as an intermediary between the president and his main minister had more than a minor impact in this regard. This is why he can imagine returning to the post he has just left only when things between Menem and Cavallo have quieted down for good, or when the cabinet is no longer what it now is.

Brazil

Brazil: Military Seeks Control Over Intelligence Agency

PY0904032296 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Apr 96 p A4

[Article by Tania Monteiro]

[FBIS Translated Text] Brasilia — Disappointment over a lack of national security structure within the administration is causing military leaders to distance themselves from Planalto Palace. They regard the Strategic Affairs Secretariat (SAE), which replaced the defunct National Intelligence Service (SNI), as a rather unimportant advisory body. Tired of waiting for a conclusion of the project to create the Brazilian Intelligence Agency (Abint), General Fernando Cardoso had resigned from his duties as presidential adviser and has returned to the Army.

Gen. Cardoso's departure, despite diplomatic efforts undertaken by the administration, has revealed that Planalto Palace is having much more serious problems than expected in dealing with security issues. Officers involved in the project have not concealed the military dissatisfaction with Eduardo Jorge Caldas, secretary general of the Presidency, to whom Gen. Cardoso was subordinated. Throughout an entire year, Caldas had gradually weakened Gen. Cardoso's position. If the issue is brought up again, the military will at least be certain of one thing: They do not want the intelligence area subordinated to the secretary general any more.

Caldas insists on maintaining control of every piece of information concerning the administration. The military

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linked to the intelligence area is trying to persuade Planalto Palace officials that the president could, at any time, be taken by surprise by serious problems because he is being deprived of information. According to the military, President Cardoso would not have been taken by surprise, for instance, by reports on the wiretapping of the telephone of Ambassador Julio Cesar Gomes Santos last year had a military-run intelligence service been operating in a more direct way with the presidential office.

Sources close to the president have stated that the idea of creating Abint is alive and admit the possibility of its being linked to the military household. In this respect, the military is clearly exerting pressure to place the new intelligence service in military hands. They argue that the military has broad experience in the area and that they take a more professional approach than civilians in this area.

Caldas is countering these arguments by contending that the military is seeking to set up an old-fashioned intelligence service following the mold of the SNI. Military leaders admit that the SNI served as a political organization during the military administrations, and that it took part in power disputes among the military. They insist, however, that this would not happen today because the old generals have retired and that those who are on active duty today are true professionals. The military officers want the administration to submit to Congress, as soon as possible, a proposal containing the guidelines for the future Abint.

Brazil: Importance of Cardoso's Visit to Argentina Viewed

PY0504133096 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 5 Apr 96

[Report by Claudia Lisboa from Brasilia]

[FBIS Translated Text] Foreign Minister Luiz Felipe Lampreia has underscored the importance of President Fernando Henrique Cardoso's state visit to Argentina. Cardoso and his Argentine counterpart Carlos Menem will sign three agreements.

The head of state's visit to Argentina [which will start on 8 April] will have significant results for the economies of both countries within the framework of the current integration endeavors in South America. The foreign minister stated that relations with Argentina are increasingly closer, adding that during Cardoso's state visit to Argentina, several agreements will be signed. He said:

[Begin recording] There has been a boost in bilateral trade with Argentina. We have been able to jointly overcome problems that have cropped up, which has enabled us to broaden areas of understanding and cooperation. This visit will constitute a very important milestone in this process, particularly since we are going to sign agreements that will have great import for both countries. [end recording]

Lampreia mentioned that the agreements to be signed with Argentina pertain to the environment, energy, and bilateral cooperation.

Brazil: Cardoso Extols Mercosur, Ties With Argentina

PY0504185896 Buenos Aires CLARIN in Spanish 4 Apr 96 pp 32, 33

[Interview with President Fernando Henrique Cardoso by Brasilia correspondent Eleanora Gosman and Marcelo Cantelmi, CLARIN's special correspondent in Brazil, in Brasilia; date not given]

[FBIS Translated Excerpt] Brazilian President Fernando Henrique Cardoso describes himself as an intellectual who never ceases to face reality. He puts forward this argument when defending his administration's program and when he becomes thrilled discussing Mercosur [Common Market of the South].

Cardoso will arrive in Argentina on the evening of 7 April on a two-day state visit to our country. The visit of the Brazilian head of state will take place at a time that can be termed, perhaps, the best moment facing Mercosur, with no contradictions on the horizon; with Chile knocking on the door of this regional integration endeavor; and facing a future that, in the opinion of the high-spirited president, is flourishing.

During a lengthy interview with CLARIN at his office in Planalto Palace in Brasilia, Cardoso underscored: "The Mercosur brand is worth its weight in gold. It is worth its weight in gold in Europe and in Japan."

[CLARIN] Do you attach such importance to the integration process?

[Cardoso] Europe, Japan, the entire world knows what Mercosur is. This is quite significant. We must eliminate corruption and maintain our democratic system of government. This is of utmost importance, to ensure that the future will be calmer. Still, all this is worth its weight in gold — we are taken seriously. We have managed, for the first time in contemporary history, to become a hub, and this is worth its weight in gold. Our international image carries a lot of weight. As we become increasingly aware of what we are and where we stand, we will have more possibilities of making great strides on the world scene.

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[CLARIN] Are you talking about influence or independence?

[Cardoso] I have always highlighted the importance of South America, and Mercosur is in the heart of South America. I am not saying this to challenge NAFTA or the United States, but speaking as adults, we have more clout when we are together — Argentina, Brazil, Uruguay, Paraguay, Chile, and Bolivia, and perhaps Venezuela in the future.

[CLARIN] How are policies frequently out of tune with each other, such as exchange rates, complemented within Mercosur?

[Cardoso] We have to seek ways of adjusting this subject, as we have managed to do when confronted with very difficult moments.... I recall when Argentina imposed the statistics rate. I personally negotiated this issue with Argentina and we hammered out an agreement, and likewise with the issue of car imports, even though those were very delicate subjects. If there is a relationship based on power, both parties win.

[CLARIN] Will the power relations between Mercosur partners change with Chile's incorporation into or greater presence within Mercosur?

[Cardoso] Chile will not join Mercosur; it will have a special relationship with Mercosur, which will have a beneficial influence on this common market. I never think in terms of Brazil and Chile, but rather in terms of Mercosur and Chile, and I am very clear about that.

[CLARIN] Still, there are obvious differences between the policies furthered by Chile, Brazil, and Argentina, and your administration seems closer to the former than to the latter.

[Cardoso] I like the way Chile handled its exchange rate policy. We have always been closer to Chile than to Argentina concerning this issue. We never eliminated controls over inflows and outflows of foreign currency. The rate of exchange has never floated freely. There has been a major controversy over this subject.

[CLARIN] This is precisely what we mean: Isn't there a contradiction in the fact that Argentina, Brazil, and Chile have differing exchange rate policies?

[Cardoso] Look here, the real is worth more than the dollar. As you see, we have not yet reached parity between the real and the dollar.

[CLARIN] The question was whether or not you believe that there are conflicting points within the integration alliance.

[Cardoso] A meeting of minds between Brazil and Argentina is a much easier thing to achieve because there is a complementarity between both countries. I do not think there is any difficulty between the Brazilian and Argentine economies that cannot be surmounted. The same argument does not hold good, however, in the case of Chile, whose economy is different from our economy. Brazil and Argentina are of the same blood — their fathers or mothers are brothers, that is, we are first cousins — whereas Brazil and Chile are second cousins. Argentina and Brazil must settle some marginal questions, but the truth is that items that seemed to defy solution, like the industrial question, have already been resolved. Besides, Argentina has always been very close to my heart.

[CLARIN] It has been asserted that social pressures — like growing unemployment, dire poverty — are threatening stability.

[Cardoso] There have always been social pressures and serious social problems. There is no doubt whatsoever about that. This notwithstanding, these problems were even worse in the past. Stability has brought about a terrific increase in consumption, both of food and durable goods, among the working classes. This gives rise to a more equitable income distribution. For the rest, it is (criticism) something existing only in the minds of some intellectuals, who will never see things as they are. I have always been an intellectual, but I have never been divorced from reality. [passage omitted]

Brazil: Argentine President Comments on Bilateral Trade

PY0904001996 Sao Paulo FOLHA DE SAO PAULO in Portuguese 7 Apr 96 section 1 p 12

["Exclusive" interview with Argentine President Carlos Menem by Denise Chrispim Marin in Buenos Aires; date not given]

[FBIS Translated Excerpt] [passage omitted] [Marin] Do you believe in the assertion that Argentina depends on Brazil, given that 40 percent of its exports in 1995 went to Brazil?

[Menem] No, I do not think Argentina depends on Brazil, or that Brazil depends on Argentina. That is a biased statement. Argentina has excellent political and trade relations with the rest of the world. So does Brazil.

Argentina was already large before Mercosur [Common Market of the South]. Brazil was already large before Mercosur. There is no such dependency to which they maliciously refer to.

[Marin] Don't you think it is dangerous that 40 percent of the trade balance be in the hands of Brazil?

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[Menem] Before that, the Brazilian trade balance registered a surplus in relation with Argentina. Did Brazil depend on Argentina then?

[Marin] But the proportion was not similar. It did not reach 40 percent.

[Menem] But it was a dependency. It does not depend on proportions. It simply depends on the possibility of placing our products in Brazil or in any other part of the world.

Of course we are part of Mercosur. That is what we created it for. It has an exceptional trade flow. Just as there are Brazilian investments in Argentina, there are Argentine investments in Brazil.

Argentine gas and oil supply to Brazil will soon be a reality.

As soon as we conclude the construction of the Yacyreta hydroelectric dam, it will supply electricity to Brazil.

Let us not say then that Brazil depends on Argentine energy.

[Marin] I wonder what will happen to Argentina if Brazilian internal consumption drops together with the demand for Argentine goods.

[Menem] We will place our products wherever there are better possibilities. The world is not reduced to Mercosur. Argentina grew in other times without the need for Mercosur. In other times, Argentina was among the 10 best countries of the world.

[Marin] Mr. President, do you intend to change anything in the Convertibility Plan?

[Menem] No, absolutely not. As long as I remain here, the plan will continue in effect and our currency will maintain its value: one dollar, one peso; one peso, one dollar.

[Marin] Are you considering putting into practice a formula similar to the exchange rate bands used in Brazil?

[Menem] No. This is good for us and we know about the exchange band system.

[Marin] But isn't the Argentine peso overvalued?

[Menem] No. Perhaps the dollar is overvalued. [passage omitted]

Brazil: Navy Seeks Funding for Nuclear Submarine Project

PY0804123696 Rio de Janeiro O GLOBO in Portuguese 5 Apr 96 p 4

[Report by Florencia Costa in Rio de Janeiro and Sao Paulo]

[FBIS Translated Excerpt] Navy Minister Mauro Cesar Rodrigues Pereira seized upon President Fernando Henrique Cardoso's visit to the Aramar Experimental Center in Ipero [CTMSP] — 108 km from Sao Paulo — to complain about the administration's failure to invest in a nuclear submarine project that was started 15 years ago. The complaint came during a briefing given by the minister and by CTMSP Director Ivan de Aquino Viana.

Speaking on behalf of CTMSP, Technological Superintendent Sergio Garcia commented on the briefing, to which the press did not have access.

Garcia said: The minister respectfully conveyed the Navy's grievance to the president who, after all, is the commander in chief of the Armed Forces. He told the president that we need funds for our project.

Garcia criticized the administration's injection of funds into the financial system.

Garcia said: The administration earmarked 16 billion reals, R, for the Proer [Program To Encourage the Reorganization and Strengthening of the Financial System]. Had it given us 5 percent of that amount; that is, R800 million, we could have completed the project developed here in Sao Paulo. I believe we will apply to Proer for a loan to be able to work more effectively.

During his four-hour visit to the CTMSP, Cardoso received a flurry of information on the projects to manufacture the prototype propulsion unit for the nuclear submarine, which is behind schedule due to a lack of funds. The project to obtain enriched uranium — a nuclear fuel — is on schedule. Only after manufacturing a nuclear powered propulsion unit will the Navy start to build the submarine in Rio de Janeiro.

The Navy asked President Cardoso to visit its Aramar facilities so they could to persuade him about the need to inject funds into the project. Even after hearing the complaints and after visiting displays of the use of nuclear research in nonmilitary areas, Cardoso did not promise to supply more funds.

Cardoso said: I help as much as I can. One must consider the Brazilian situation. The Navy minister is well aware of the situation. We have been working together to obtain funds.

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The Navy has, for the first time, been seeking funds from nonmilitary ministries for its project. Minister Rodrigues Pereira seeks the approval of an amendment to the budget sponsored by Deputy Paulo Heslander (PTB-MG) [Brazilian Labor Party-Minas Gerais], who proposes the reallocation of R30 million from the Science and Technology Ministry to the nuclear submarine project. Garcia said the project receives R50 million annually from the Navy's budget.

Garcia added: This is only half of what the Franco administration had promised to supply to us.

He added that at least R600 million is necessary to manufacture the nuclear reactor prototype in Aramar and to start industrial scale production of the nuclear fuel.

Garcia said: The importance of this project lies in the fact that it will enable Brazil to defend its sea coast. The technology we are developing will also be used in nonmilitary areas like medicine.

Garcia said $550 million has been spent thus far on the nuclear reactor project. He said if the Navy received the necessary funds, the prototype would be ready by 2003; the submarine, by 2008. Despite complaints, Garcia described the president's visit as positive. [passage omitted]

Brazil: Police Seize Largest Amount of Cocaine in 1996

PY0604021196 Sao Paulo AGENCIA ESTADO in Portuguese 2320 GMT 3 Apr 96

[Report by Marcelo Mota]

[FBIS Translated Text] Rio de Janeiro, 3 Apr (AE) — Federal Police [PF] personnel today seized 200 kg of pure cocaine and arrested five traffickers — two Brazilians, two Colombians, and a Peruvian — in a house located at the Piedade district in the northern part of Rio de Janeiro. The drugs, which were packed in 1-kg bags, were to be marketed in Europe, where they would have been worth $12 million; that is, enough to purchase 923 air conditioned Fiat Uno Mille cars.

The arrested traffickers are: Julio Cesar and Luiz Alberto Sabino Costa, 41, Brazilian twin brothers; 55-year-old Emilio Amezquita Flores and his 21-year-old son Mauricio Amezquita Cubillo, Colombians; and 41-year-old Alberto Latorre Seminario, Peruvian. Police personnel, who also seized $14,000 from the traffickers, are now hunting for a six member of the drug ring: Colombian citizen Hugo Cesar Acosta, who is still at large.

According to Jairo Kullman, PF superintendent in Rio de Janeiro, this has been the largest drug haul in Brazil thus far this year. The drugs were found in a house owned by Luiz Alberto Costa and located at 537 on Clarimundo de Melo St. The drugs were to be delivered to mules (people who generally carry the drugs on their own bodies) from apartments located in the southern and northern districts of Rio de Janeiro. The mules would take the drugs out of Brazil.

Latorre Seminario was the financier of the ring. He was in charge of raising the money to purchase the cocaine from the Cali Cartel in Colombia. The Colombians brought the drugs by truck from Colombia. In Brazil, Julio Cesar Costa would make the contacts to deal and to send the drugs abroad, through the airport. Through these arrests, Kullman hopes to have dismantled the entire ring. He said: "Should someone try to reinstate the route, he will have to make an entirely new arrangement."

The PF have been tracking down the gang for nearly a month. The hunt started on 28 March, when Latorre Seminario arrived in Brazil from Rome. In Kullman's opinion, the above bust marks a new stage in the antinarcotics effort in Brazil. He said: "In the past, we used to catch drug shipments at the airport. This time we seized the shipment before it was distributed." The five men were charged with counts of international trafficking in narcotics and unlawful association, which are punishable with prison sentences ranging from eight to 14 years. After serving their prison time in Brazil, the foreign traffickers will be expelled from Brazil.

Brazil: Efforts To Advance Administrative Reform Seen

96SM0212A Sao Paulo JORNAL DA TARDE in Portuguese 5 Apr 96

[Editorial: "Administrative Reform" — received via Internet]

[FBIS Translated Text] Deputy Wellington Moreira Franco (PMDB [Brazilian Democratic Movement Party], Rio de Janeiro) has submitted his report on administrative reform to President Fernando Henrique Cardoso for final evaluation along with a request for help. Moreira Franco wants the president of the republic to step in and arbitrate a disagreement between the PSDB [Brazilian Social Democracy Party] and the PFL [Liberal Front Party], the two largest parties in the administration's base of support. Their disagreement may hinder the progress of the reform and even harm the government's plans to shrink public spending if the PFL's position prevails.

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The focus of disagreement between the PSDB and the PFL is the possibility that the federal, state, and municipal governments will fire employees on the grounds of excessive personnel in order to meet the legal requirement that their payrolls not consume more than 60 percent of their net revenues. The deadline for implementing that rule is 1998. It involves so-called flexible application of the absolute job security enjoyed by government employees today. The other area for flexible application is permission to fire employees for inadequate performance—in other words, incompetence. But only on sufficient grounds in accordance with rules to be established in ordinary law.

The PFL accepts dismissal on the grounds of excessive personnel only in the case of employees who have not acquired job security by the time the reform is promulgated. The PSDB, very rightly, does not agree with that position. If that restriction is retained in the final text of the amendment, either the governments will be unable to stay within the 60-percent limit because they will have to keep employees with job security—and the latter constitute the majority of employees at all levels—or they will have to make random cuts, thus disorganizing the administrative machinery and harming the quality of service. Imagine a situation in which a particular government has too many engineers, most of them with job security, and a shortage of physicians, most of them without job security. If the PFL's position prevails, that government will have to fire essential physicians and retain unnecessary engineers. In the name of rational administration, the PFL's leadership, which so far has been demonstrating that it is much more closely attuned to the administration's positions than the PSDB itself, has an obligation to rein in its congressmen and bury that harebrained proposal.

Overall, Deputy Moreira Franco's report makes a number of important improvements to the administration's original proposal in that it facilitates a reduction in the Brazilian state's spending on its administrative machinery and the latter's modernization. Moreira Franco suggests, for example, that government-owned firms be given the same legal treatment as private firms, a change that would enable them to be declared bankrupt. The rapporteur is also disposed to create obstacles to the holding of multiple jobs in the public sector by a single individual by tightening the rules which permit that trick, the principal beneficiaries of which are teachers, physicians, and judges. Another important suggestion by the Rio de Janeiro deputy—one which is already triggering serious reactions by the state blocs but which ought to be firmly supported by the president of the republic—calls for prohibiting the transfer of National Treasury funds to the states for the payment of their employees. The Union finances a portion of the payroll in the former territories, new states such as Tocantins, and the Federal District. The prohibition will ban the creation of new states and require that those currently receiving such transfers reduce their payrolls, thus helping to reduce the public deficit.

But to keep from bestowing only praise, we must point out that Deputy Moreira Franco's report also contains a piece of rascality aimed precisely at benefiting the deputies and senators. It eliminates the constitutional rule that congressmen can approve pay increases for themselves only if the increase takes effect during the next legislature—that is, every four years. Other than that, the only adjustments they get now are the normal ones to reflect inflation in accordance with the same rules as those applied by the Federal Government to its employees. If that proposal is approved, the congressmen will be able to increase their own pay from 8,500 reals to 10,500 reals, since that will be the new pay ceiling for public employees after the reform is approved.

Brazil: Choice of Candidates Difficult in Sao Paulo

96SM0212B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 Mar 96 p A5

[Article by Silvio Bressan: "Parties Flounder in Indecision"; introductory paragraph in italics as published]

[FBIS Translated Text] Divided among several weak candidates, parties are swimming in indecision at the start of the campaign.

The more local the election, the less ideological and more complicated the contest. That seems to be the best theory for explaining the difficulty being experienced by the major parties in finding strong candidates for the municipal election in Sao Paulo. The PT [Workers Party] has already chosen former Mayor Luiza Erundina, but the PMDB [Brazilian Democratic Movement Party], the PFL [Liberal Front Party], the PSDB [Brazilian Social Democracy Party], and the PPB [Brazilian People's Party] are still looking for candidates with a chance of entering the campaign.

"Local circumstances make municipal elections more complicated for the major parties," explains political scientist Wanderley Guilherme dos Santos. "In a national election, the more ideological process facilitates the choice of alliances and candidates."

The PMDB, the largest party in Congress, is going to take two weeks to choose its candidate in a contest so tumultuous that it will be difficult to bring winners and losers together afterwards. Not even the iron hand

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of former Governor Orestes Quercia has been able to prevent ruptures.

Federal Deputy Jose Pinotti rebelled, broke with Quercia, and decided to run against another Quercia man, former Deputy Joao Leiva. Besides those two, Federal Deputy Alberto Goldman is also vying for the nomination. Their discourse makes them appear to be candidates from different parties. Leiva will conduct a campaign of opposition to the Federal Government. Goldman will advocate support of the government. Leiva does not want an alliance for the first round of balloting. Goldman says he must have the support of the PV [Green Party], the PSB [Brazilian Socialist Party], and the PPS [Popular Socialist Party].

Not attractive—The situation in the PSDB and the PPB is even worse. Although its leaders include President Fernando Henrique Cardoso and Governor Mario Covas—both natives of Sao Paulo's capital—the PSDB is seeking someone to head its slate. The most popular so far—Ministers Sergio Motta (Communications) and Jose Serra (Planning)—are reluctant to accept the mission.

There are another dozen or so candidates whose names do not grip either public opinion or the party. If Motta and Serra continue to say no, a coalition may be one solution, and there has already been talk of an alliance even with Maluf's PPB. But Robson Marinho, secretary of the Civilian Household and Governor Covas' political coordinator, will agree to talks only if the PSDB heads the slate. "How can a party whose members include the president and the governor end up without a mayoral candidate in the country's largest city?"

But the secretary admits that without the ministers, the talks will be different. "With Motta or Serra, the parties would coming calling on us," he thinks. "Without them, we will have more difficulties, and we will have to turn to small parties."

The dilemma is the same in the PPB, where even Mayor Paulo Maluf's good standing in public opinion has been unable to bring forward an attractive candidate. The half a dozen hopefuls do not arouse enthusiasm in public opinion.

No reelection—Reelection, which would be Maluf's alternative, has already been ruled out by the mayor. In a conversation on Friday, Maluf was straightforward: "You can forget that business of reelection." With his eyes on 1998, the mayor is more concerned with preventing President Fernando Henrique's reelection.

One of the solutions devised by Maluf calls for joining with the PSDB or the PFL in support of a nonpartisan candidate. Another calls for inviting the PFL to join an alliance in support of one of its secretary-candidates.

That last suggestion seems more attractive to the PFL's members, whose attitude changes when it is a question of the mayoral election in Sao Paulo. Unlike the influential party in Planalto Palace, which is threatening to take over Fernando Henrique's administration, the local PFL is becoming cooperative in the contest and waiting for its best chance to form an alliance.

"The lack of major figures forces us to seek an alliance," admits Antonio Cabrera, president of the Sao Paulo PFL. The fear of being left out of the contest is so great that it has now supplanted the alliance with the PSDB in Brasilia and in the state. "The governor has released us from support," says Cabrera, Covas' secretary of agriculture.

Besides that, the PFL is resisting Serra as a candidate. "The only PSDB candidate who excites us is Minister Sergio Motta," Cabrera admits. "And in the PPB, the candidate will be chosen primarily by Maluf."

The agreement under discussion calls for the PFL to support Maluf's candidate in the capital. In exchange, it will have the PPB's support in five cities in the interior. "The proposal pleases both parties," Cabrera says. "We want to make a decision by the 15th so we won't run the risk of being left out in the cold." In the opinion of Robson, who is banking on the PFL, the situation can be gotten around.

In the opinion of Prof. Wanderley Guilherme, there is nothing surprising about all the confusion. He points out that in Rio de Janeiro, even the PT's ideological character has been unable to save that party from deadlock. "Without significant candidates, the PT may have to support Mira Teixeira (PDT [Democratic Labor Party]) in exchange for support from the PDT in Porto Alegre," he says. "The difficulty in those cases is that local coalitions have to be much more flexible."

Chile

Chile: Bill To Modernize Comptroller's Office Drafted

PY0504195896 Santiago EL MERCURIO in Spanish 30 Mar 96 p C4

[FBIS Translated Excerpt] Valparaiso — The administration is determined to draft a new organization bill for the Office of the National Comptroller General. The administration is, therefore, conducting the pertinent consultations with political parties, experts, and the comptroller.

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In view of this, the Executive Branch has decided to withdraw from the Senate Government Committee the draft bill that former President Patricio Aylwin submitted to the Senate in May 1992. The bill was debated during two or three sessions but was never voted on because the administration had granted priority to other subjects (the municipal reform and regional governments).

The Office of the National Comptroller General received the bill with caution, and all comments in this regard were avoided. However, it has been learned that the decision caused some confusion because it was expected that, after five years, Congress would have made a decision, since the issue had been studied exhaustively at all levels.

Before leaving for Canada, Government Secretary General Jose Joaquin Brunner said that this is a "very complex" subject. He said that the current administration has decided to withdraw the bill to draft a "more extensive bill to modernize the Comptroller's Office."

Although the text has not, technically speaking, been withdrawn, the bill has been "frozen" since 1992. According to regulations, it should have been filed away because more than two years have elapsed without its being discussed by a congressional commission. [passage omitted]

Chile: Bills on Comptroller's Office Sent to Congress

PY0804161796 Santiago EL MERCURIO in Spanish 2 Apr 96 p A1

[FBIS Translated Excerpt] President Eduardo Frei sent to Congress yesterday two bills defining the role and function of the Office of the National Comptroller General. This institution will investigate criminal cases through prosecutors within the framework of the penal code reform being carried out by the government.

The institution will replace the work currently carried out by a judge during the pre-trial inquest. The evidence against indictees will then be submitted to an impartial court headed by three judges who will hear the defense and determine the value of the evidence.

President Frei, Justice Minister Maria Soledad Alvear, Defense Minister Edmundo Perez, and Finance Minister Eduardo Aninat signed the messages attached to the two bills that constitutionally create the institution. The first is the organization bill for the office and the second contains a series of constitutional amendments adapting this legal body to the new organization, which is the key element for changing criminal trials.

The changes in criminal trials are contained in the new Penal Code Procedures bill which was submitted to Congress on 5 June 1995. Under the new procedures, current written inquiries are replaced by an oral and public trial and the pre-trial inquest is separated from the court by passing it to a prosecutor of the Office of the Comptroller General.

The bills submitted yesterday stipulate that the Office of the Comptroller General reports to the judicial branch, but functionally it will be independent from it. This institution will be headed by a National Prosecutor, who will be appointed by the president from a list of five names proposed by the Supreme Court. The appointment must also be approved by two thirds of the Senate. [passage omitted]

Chile: Experts To Demarcate Border With Argentina

PY0504225696 Santiago EL MERCURIO in Spanish 3 Apr 96 p C1

[FBIS Translated Excerpt] Two Chilean and two Argentine topographers will demarcate today the border between Chile and Argentina in the Liquene area, Tenth Region, after the alleged presence of Chilean cattle herdsmen in Argentine territory was denounced.

The decision was made after Carabineros and the Argentine Border Police went to that area, 40 km east of Panguipulli, to verify the accusation about the existence of a Chilean settlement in Argentine territory.

Interior Ministry Under Secretary Belisario Velasco reported yesterday that a group of Chilean herdsmen was seen in that area and this is why policemen of the two countries went by helicopter from Liquine, Chile, and from San Martin de los Andes, Argentina, to that region.

He said that because this is a forest region, the border between the two countries is not well defined and a request was made to the Chilean Border and Boundaries Directorate and to the Argentine Foreign Ministry to send experts to demarcate the border. [passage omitted]

Chile: Aylwin on 'Weaknesses' of Development

96P20383A Santiago LA NACION in Spanish 21 Mar 96 p 16

[By Julio Nahuelhual]

[FBIS Translated Text] Former President of the Republic Patricio Aylwin has warned that Chile's export development is a real "Achilles heel" of our economy. Weaknesses arise in the export of mostly primary products with low value added, the exchange rate, and insufficient scientific and technological progress. Aylwin

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spoke on the topic of "Some Challenges of National Development" in giving thanks for the honorary doctorate he was granted by the Metropolitan Technological University.

The former president asserted that in spite of our good economic progress, there are some problems that remain: "the very unequal income distribution and the resulting persistence of extreme poverty, the inability of our educational system, and the weaknesses Chile shows in trying to better participate in the process of economic globalization."

In this regard, he stressed our exports' low value-added content, since only 15 products (minerals, lumber, and agriculture, with little processing) make up 63 percent of our total earnings. "It is necessary for Chileans to understand this: Up to now our export success has been based fundamentally on good quality, the low cost of our raw materials, and our cheap labor," Aylwin said.

He stated that this is why it is a priority to move to a new export phase, which involves taking on the challenge of scientific and technological development. In this regard, he pointed out that in Chile the level of investment in science and technology is one of the lowest in the world and comes mostly from the public sector, in contrast to what occurs in the developed countries.

In 1989 0.5 percent of the GDP, about $10 per capita, was invested, and progress has meant reaching 0.8 percent of GDP, almost $25 per capita. "But our national development needs require raising this percentage at least to 1.3 percent of GDP, a figure that could be reached by the year 2000 if the growth rates of the last five years continue," the former president asserted.

Aylwin also said that in spite of the progress made, poverty was another important obstacle to economic development. He added that today, three out of every 10 Chileans live on income that is not sufficient to meet their basic needs. "While the richest 20 percent receives 55 percent of the nation's income, the poorest 20 percent receives less than 5 percent, and the next poorest 20 percent gets not even 9 percent," he concluded.

Chile: Need for Civil-Military Cooperation Noted

96P20382A Santiago LA NACION in Spanish 21 Mar 96 p 5

[Editorial: "Civil-Military Cooperation"]

[FBIS Translated Text] Speaking at the beginning of the school year for the Armed Forces war colleges, Defense Minister Edmundo Perez Yoma has made an overall presentation about the need for civilians and the military to bring their ways of understanding closer together in order to make defense a task of all Chileans.

The minister said that the lack of certain "vital attitudes" has hindered the progress of this concept up to now. He said: "There are many who see defense as a problem exclusive to the Armed Forces." This perception, he stated, has meant that today Chile does not have a national defense community. This omission, in his opinion, is a serious danger since, while we may have properly equipped and trained armed forces, the lack of a commitment by the rest of the populace may become a vulnerable point in the event of an emergency.

Perez Yoma stressed the changes Chile has experienced based on the basic agreements about the type of economy and political system we should have, which has created favorable conditions for extending the consensus to the field of defense. The minister did not evade the issue of the disputes about some aspects of the Constitution, and stated that the reforms proposed by the government are intended to clear up the disagreements about 20 percent of its provisions so that all Chileans will identify with the fundamental law of our republican order.

Chile today lives in conditions of peace and that is, of course, a great achievement. Relations with our neighbors, and in general with the other countries on the continent, take place in an atmosphere of trust and cooperation. To this we must add our notable economic progress and social and political stability, factors which should be highly valued. Chilean society is naturally not free from conflicts, but the dominant indicators allow us to assert that we find ourselves facing a true historic opportunity.

In this context, defense tasks should be seen as part of the general effort to make Chile a developed and socially integrated country. Thus, military issues cannot be disassociated from the set of concerns we face today as a nation, primarily eliminating extreme poverty and producing a great improvement in education.

An essential goal is to help heal the wounds of the past, as well as to overcome our divisions and put aside our mistrust. We know how much this has cost. However, we have advanced more than a little in recent years.

The country's course is clear enough. The possibility that this will bring new achievements depends in large part on deepening the constructive relationship among all the sectors of the nation's life, and in particular between the Armed Forces and the rest of Chileans.

The basis for understanding between civilians and the military must necessarily be a common adherence to democracy and the idea that we are all its guarantors. As the defense minister said: "If we do not succeed in reaching an agreement with respect to principles such

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as dignity and tolerance, then it is possible to foresee difficult times in the coming century."

But if to the contrary, democratic values take root in our daily life—which assumes avoiding mistakes about each other's roles—the conditions are set for Chile to look to the future with optimism.

Chile: Army Implementing Internal Reorganization Program

PY0904000796 Santiago EL MERCURIO in Spanish 30 Mar 96 p C6

[FBIS Translated Text] Some of the objectives sought by the reorganization plan that the Army has been implementing since last year are the establishment of a general staff with more duties. One that is intercommunicated through a command system that controls all Army levels nationwide with certain logistical resources and a fast deploying operational capacity. The most important change being sought, however, is a change of mentality within its cadres.

The recent meeting of commanders of Army tactical units constituted the first step in this process that was discussed and announced in August 1995 by Army Commander Augusto Pinochet under the name of "Alcazar Plan," which symbolizes the main idea of the project: the establishment of a strong and solid structure that will be the basis of Army activity in the next century.

According to what was explained by Major General Jaime Concha Pantoja, the Army's inspector general during a lecture at the War Academy, despite the current world situation, it is certain that conflicts will be a frequent thing in the near future. In view of this, the Armed Forces must readapt their strategies and adopt new training plans for the personnel that will be entrusted with operating in these future scenarios.

Concha Pantoja said that the conflicts experienced in the last decade have certain characteristics which must be taken into account and adapted to the reality of the Chilean Armed Forces. Among them is the new dimension of the conflicts (air, sea, land and space); an increase of the lethality and precision of weapons system as well as their combat power; the need for real time command and control systems; the celerity and preservation of the force and its combat capacity at all times; and the clear delimitation of war objectives.

These are the concepts that the Army has been studying in the last few months with the idea of transforming them in structures, processes, procedures and proper materials; applicable to their current reality and which should be completely operational before the year 2010.

The basic point of the program is education and adapting the mentality of uniformed personnel to the realities of the new century. In so doing, by that date, Chile will have an effective, smaller, and less costly military structure, and possibly a totally professional one.

Army of the Future

Considering that any institution is based on people, the basis of this transformation is not centered on the sole wish of accessing major and new war technology but also a greater training of military personnel.

On the basis that man is the essential element and technology is a component to his service, the Army is currently studying an organization that integrates these two elements in its structure.

In view of this, it has sought an Army design in compliance with the country's geostrategic needs and the characteristics of the territory. In addition, it has been decided to change the current scheme of "divisions" for "brigades," smaller more ductile operational units for the defense of the national territory.

These new tactical units will be centered in rural units in areas nearby urban centers with the objective of facilitating their access to national communication channels, save costs and facilitate a joint training programs.

This is the reason for establishing the Baquedano fort in Iquique, and the Arteaga fort in Santiago, and for the construction of a new fort nearby Rinconada in Maipu.

In addition, this structure will prioritize the education and integration of military personnel in society and strengthen the presence of Chile in international organizations by participating in military observers, instruction, or advisory missions.

Regarding education, there is awareness that the soldier with best performance is he who has received the best combat and overall training. Therefore, the training of personnel in military academies, institutes, and schools and in national universities will be prioritized.

At the organizational level, the idea is to increase the attributions of the General Staff in its capacity as an all- encompassing military operations unit backed by a command and control system at all levels which will allow a fluent and technical operation.

Just as in the Air Force [FACh], which has real-time command centers at the national and air brigade levels, the Army aspires to have a place from where it can control all its operations in case of an eventual conflict.

To fulfill this objective, the plan also calls for a new deployment nationwide on the basis of regiments that

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will be part of a superior operational unit (brigade). These will be equipped with effective logistics systems suitable for the scenario and for the units operating in each brigade.

The entire project also calls for the incorporation of new, more modern and ductile (easy to transport and with low-maintenance costs) new war systems where the air transported and armored material acquires vital importance as well as the joint work with the FACh and the Navy.

Although it is known that this will demand huge investments, programs to incorporate new defense systems are already under way. It is still to be defined, however, how to replace old tanks operating in the Army's armored cavalry.

Chile: Air Force To Improve Jets for Training Pilots

PY0504225996 Santiago EL MERCURIO in Spanish 1 Apr 96 p C4

[FBIS Translated Excerpt] With the idea of improving the technology of the jets for training pilots to the level of the advanced technology of the aircraft of the Chilean Air Force, this military institution will begin in the next few months a program for improving the A-36 Halcon training jets made in Chile under Spanish license.

This announcement was made by Air Force Commander General Fernando Rojas Vender at the conclusion of the Ninth International Aerospace Fair last March.

The project includes the incorporation into the A-36 of the most modern system for navigation and attack similar to the Mirage M-5M Elkan made in France in the decade of the eighties and recently modernized in Belgium. [passage omitted]

Colombia

Colombia: Guerrilla Activity Increases During Strike

PA0804195996

[FBIS Report] Santa Fe de Bogota Emisoras Caracol Network in Spanish at 1200 GMT on 8 April and Santa Fe de Bogota Radio Cadena Nacional in Spanish at 1200 GMT on 8 April carry several reports on the latest guerrilla activities following the announced leftist guerrillas' nationwide armed strike.

According to Colonel Bayardo Vasquez, 2d Brigade Chief of Staff based in Barranquilla, Atlantico Department, the strike was called by the FARC (Revolutionary Armed Forces of Colombia), the ELN (National Liberation Army), and the dissident group of the EPL (People's Liberation Army) in retaliation for casualties recently inflicted on them by the Army in Caqueta Department, where an entire subversive front was virtually wiped out.

Emisoras Caracol Network reported from Bucaramanga, Santander Department that the ambush of an Army patrol in Barrancabermeja Municipality "has deteriorated the public order situation there." A noncommissioned officer and seven soldiers from the Nueva Granada Battalion were ambushed by the guerrillas on the road leading to the Barrancabermeja, the authorities reported.

Another Emisoras Caracol Network report, this time from Medellin, Antioquia Department, adds that four guerrillas and a noncommissioned officer were killed and a bus was torched following the most recent clashes during the announced national armed strike, which is adversely affecting eastern Antioquia Department. While on its way to assist the police, an Army patrol riding a bus was attacked in the area of Zamora, where FARC guerrillas killed a police corporal based in Antioquia and set the bus on fire. A guerrilla was killed and another one was wounded in the incident. Last night, troops from the Juan del Corral mechanized group killed three guerrillas in La Ceja Municipality, in clashes with subversives of the 34th Front of the FARC. Army soldiers confiscated a submachine gun, a pistol, a revolver, and other materiel.

Finally, Emisoras Caracol Network reported from Popayan, Cauca Department, that an interdepartmental bus was torched by ELN guerrillas in Patia Municipality, in southern Cauca Department. The incident took place after guerrillas set up a checkpoint in El Estrecho Corregimiento, where several cars were stopped to announce a nationwide armed strike. Meanwhile, in Corinto Municipality, a soldier was killed and several military officers and guerrillas were wounded during clashes in rural areas of that municipality in northeastern Cauca Department. The clashes took place between 3d Brigade Army troops and subversives from the 6th Front of the FARC.

Radio Cadena Nacional reported that an ambush with explosives took place in the area of Puerto Santander, near Pamplonita River, Norte de Santander Department in which an officer and two soldiers were killed. According to official reports, several explosions were felt in Villa del Rosario Municipality, a few kilometers from Cucuta. Also, near the capital of Norte de Santander Department, Radio Cadena Nacional also reported the killing of two guerrillas who were carrying explosives. According to the authorities, there have been several subversive actions in Cesar Department, where bombs

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were planted near credit and other regional institutions. In Valle del Cauca Department, especially in Cali, five urban buses were torched and several vehicles were damaged by the so-called, Operation Thumbtack (Operacion Tachuela). Likewise, the guerrillas attacked the Mariquita-Fresno oil pipeline in Tolima Department and the Barrancabermeja-El Llanito pipeline. Near Lerida, Tolima Department, the guerrillas killed four peasants. The Army stated that a guerrilla attempt to occupy the district of Agua Blanca, Valle del Cauca Department was foiled. According to authorities, security measures have been reinforced in different parts of the national territory in an effort to prevent further guerrilla attacks during the so-called national armed strike.

Colombia: Defense Minister Comments on Terrorist Attacks

PA0804201696 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 8 Apr 96

[From "The Midday Newscast"]

[FBIS Translated Text] [Station announcer Judith Sarmiento] The Departments of Santander, Norte de Santander, and Valle del Cauca have been the main scenes of the terrorist wave the guerrillas unleashed today. We begin our assignment from "The Midday Newscast" with an assessment from the defense minister on this. Carlos Gomez has the report.

[Gomez] Good afternoon Judith and Caracol listeners. Here at the National Defense Ministry building, initially the defense minister had stated that the guerrillas' strike did not exist. However, there are now some people dead, including civilians, soldiers, and some guerrillas who were killed.

It was also reported that at approximately 1700 [2200 GMT], President Ernesto Samper will preside over a security council meeting at Narino Palace to assess the public order situation. Following, we present the assessment made by Defense Minister Juan Carlos Esguerra on the situation in the country.

[Begin Esguerra recording] We have a very complete overview from the statistical point of view. In the national territory as of now, 1200 hours, guerrilla forces have detonated 15 explosive devices; three explosive devices have been defused. So far, they have burned 10 vehicles, nearly all of which were public transportation vehicles. Two attacks were made against oil pipelines, or against one oil pipeline and a gas pipe. The saddest thing of all is that seven civilians have been killed so far in terrorist actions, which one cannot comprehend. These explosives placed on public roads, jeopardizing the entire population, are mere acts of terrorism. These actions have cost the lives of seven innocent people, passers by who traveled along the roads taking care of their normal activities.

We have sustained four ambushes against Public Force members, nearly all of which were aimed against Army patrols. Two ambushes occurred in Norte de Santander, one in Santander, and another one in Cali. Four Public Force members have died, three of them in Norte de Santander and one in Medellin. In addition, we have sustained an attack on a military installation and so far, the guerrillas who have died — although we do not have exact information on this — number more than six throughout the national territory.

These are the statistical figures that we have on the isolated events that have occurred. In various places around the country, they have tried to erect roadblocks on some highways to prevent traffic, but these attempts have been thwarted by the Public Force. So far, the Public Force has reacted quickly in light of the various attacks that have been perpetrated. The Public Force is at this moment present and conducting patrols over jurisdictions all across the national territory. [end recording]

[Gomez] This is the assessment Defense Minister Juan Carlos Esguerra has just made, following a quick meeting with the commander of the Armed forces, the Army, Air Force, and National Navy, given the public order situation in the country.

Colombia: Defense Minister Calls For Peace Talks

PA0804202596 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 8 Apr 96

[From "The Midday Newscast"]

[FBIS Translated Text] Santa Fe de Bogota — Commenting on the development of the armed strike proposed by the guerrilla coordinator, which has disturbed the peace in several area in the country, Colombian Defense Minister Juan Carlos Esguerra Portocarrero said today that the peace talks should be continued to counter the desires of the guerrilla movement's more violent factions.

Colombia: Army, Police Report 20 Deaths Due to Strike

PA0904045796 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0330 GMT 9 Apr 96

[From the "Caracol's Quarter Hour" newscast]

[FBIS Translated Text] The death toll so far is 20 people as a result of the armed strike called by the guerrillas throughout the country, according to several reports released by the Army and the police.

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Preliminary estimates point out that nine civilians, four soldiers, and seven subversives were killed.

In addition, the guerrillas detonated 16 explosive devices, while three more were deactivated. One oil pipeline and one gas line were sabotaged.

Four army and police patrols were ambushed while performing security and control operations.

Guerrilla activities were recorded in the department of Norte de Santander, Santander, Valle, Tolima, Cesar, Antioquia, Cauca, and Atlantico, among others.

The latest incident reported today took place along the Bucaramanga-Cucuta highway where two persons died and nine were wounded.

The authorities have also reported attacks to the mining municipality of Segovia, where the rebel groups attempted to attack the police station but were rapidly repelled.

In Santa Fe de Bogota, the authorities uncovered a powerful explosive device containing 22 sticks of dynamite that was placed by alleged insurgents at the entrance of the Supreme Court of Justice parking lot.

The National Government decided tonight that Army troops and police units throughout the country will remain confined to quarters under red alert. It is a measure to prevent any new attacks by the Simon Bolivar Coordinating Board, which today launched fierce offensives throughout the country.

We repeat, 20 people dead, 30-something wounded, and considerable property damages.

Defense Minister Juan Carlos Esguerra said at the end of a National Security Council meeting that was presided by President Ernesto Samper, that the armed strike announced by the rebels was a failure since despite the heavy casualties reported, the country's activities were not paralyzed.

The minister also announced an all-out program to combat the subversives, who during the past weeks have been involved in all sorts of terrorists acts. He was emphatic in pointing out that in the end there was no armed strike, but indiscriminate terrorist acts.

Colombia: Terrorist Actions in Santander Detailed

PA0804202196 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 8 Apr 96

[From "The Midday Newscast"]

[FBIS Translated Text] Following the assessment presented a few minutes ago by Defense Minister Juan Carlos Esguerra on the public order situation in the country, here is Carlos Alberto Bermudez from Bucaramanga with the details on the latest guerrilla actions in the Department of Santander.

[Bermudez] The public order situation is the Santander Municipality of Barrancabermeja has worsened. In addition to the ambush of seven [as heard] members of the Nueva Granada Battalion early this morning, a Police post was blown up, while a taxi and two buses of the (Cobetran) were burned later this morning. We have also received reports from the oil port that Operation Thumbtack [tachuela] is under way, the public transportation sector is not providing services, and the students did not attend school today. It was also learned that the eight members of the Nueva Granada Battalion who were ambushed in the area of Llanito have been hospitalized in health centers in the Municipality of Barrancabermeja. The injured include: Corporal Fernando Suarez and soldiers Carlos Contreras, Mauricio Pena, Yune Ortiz, Javier Gomez, Jose Freyre, Jose Lopez, and Fernando Girones. Felix Alberto Contreras Castillo, who allegedly participated in the ambush, was also arrested. General Rafael Hernando Lopez, commander of the Army's 2d Division, told Caracol that these acts of violence have been provoked by criminals, whose actions do not correspond to the current times.

[Begin Lopez recording] [Words indistinct] persons who set up these explosives in the area of Barrancabermeja and Llanito. We have conducted searches in the city of Cucuta and are conducting air control operations over the main bridges and neighboring areas of the leading cities. We have somewhat located several groups with which we are trying to coordinate a municipal effort. [end recording]

Colombia: ELN Proposes Convention To Form New Government

PA0804203496 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 8 Apr 96

[From "The Midday Newscast"]

[FBIS Translated Text] Santa Fe de Bogota — The Camilista Union of the Army of National Liberation, ELN, proposed today, that a national convention with all the country's sectors be held to establish the basis for a new government that will allow the country to overcome its current political crisis. This convention would be furthered through regional meetings with representatives from grassroots sectors, human rights organizations, municipal governments, economic sectors, the church, and the Simon Bolivar Guerrilla Coordinating Board. The ELN Central Command, which includes former Spanish priest Manuel Perez; Nicolas Rodriguez Bautista, alias Gabino; and Antonio Garcia, submitted

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the proposal. The ELN also proposed that the convention be held somewhere in the eastern mountain area.

Colombia: 'Notables' Form Group Supporting Prosecutor

PA0804234496 Santa Fe de Bogota EL TIEMPO in Spanish 8 Apr 96

[Received via Internet]

[FBIS Translated Text] A group of political and business leaders headed by, among others, former Minister Hernan Echaverria Olozaga, Senator Enrique Gomez, former Foreign Relations Minister Rodrigo Lloreda, and former Minister Enrique Parejo yesterday said that there is a conspiracy to separate the prosecutor general from his post.

In a communique, the group of notables, which calls itself "For National Reconstruction," warned that if this "crooked maneuver" against the prosecutor general succeeds, a maneuver in which all organizations attached to the government, starting with the president's lawyer, participate, it would thus force "good Colombians to appeal to a civic resistance movement to prevent such an outrage."

The group is demanding President Ernesto Samper's resignation. It says that "he has made all attempts to stay without considering the nation's fate."

The following people, among others, support this group: Hernan Echaverria Olopzaga, Enrique Gomez Hurtado, Rodrigo Lloreda Caicedo, Luis Guillermo Giraldo, Enrique Parejo, Maria Pulina Espinosa, Francisco Posada de la Pena, Hernan Beltz Peralta, Maria Osorno de Jimenez, Ignacio Molina Girlado, Marino Jaramillo Echeverri, Hugo Escobar Sierra, Felio Andrade Manrique, Jose Antonio Gomez Hermida, Juan Camilo Restrepo, Reimundo Emiliani Roman, Douglas Botero Boshell, Jesus Vallejo Mejia, Efrain Cepeda, Enrique Arias, Jaime Arias Ramirez, Carlos Martinez Simahan, Ingrid Betancur, Luis Emilio Sierra, Roberto Camacho, Melquiades Carrizoza, Fernando Tamayo, Alfredo Araujo Grau, Rafael Perez Martinez, Aurelio Martinez Canabal, Alberto Schlesinger, Jorge Pretelt, Fernando Londono Hoyos, retired General Fernando Landazabal, retired Gen. Gabriel Puyana, Miguel Santamaria Davila, Carlos Daniel Abello Rocca, Alberto Mendoza Morales, Alvaro Cala Hederich, Gilberto Arango Londono, Jose Vicente Davila, Pablo Victoria, Carlos Monroy Reyes, Jorge Casas Santamaria, Roy Barreras, Enrique Umana Valenzuela, Consuelo Lago, Pamela Mercer, Rafael Nieto Navia, Victor G. Ricardo, Rodrigo Dangond, Luis Fernando Arango, Juan Felipe Vernaza Sanclemente, Santiago Castro, Ramiro Varela, Juan Ignacio Castrillon, Colonel Luis Alfonso Rincon, Luis Fernando Rosas, Carlos Adolfo Arenas, Jaime Alzate, Federico Echevarria Olarte, Santiago Madrinan de la Torre, Nelson Pardo Giraldo, Jorge Salazar Camacho, Chela Palacios, Jorge Lewin, Raul Obregon, Gerardo Rojas, Maria Mercedes de Mendieta, Pedro Bautista, Jose Domingo Gonzalez Ariza, and Maria Cristina Rivera de Hernandez.

Colombia: Samper Rejects Criticism by Church Leaders

PA0404202196 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 4 Apr 96

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Santa fe de Bogota — President Ernesto Samper Pizano has rejected the criticism made by Bucaramanga Archbishop Monsignor Dario Castrellon and Episcopal Conference President Monsignor Pedro Rubiano Saenz and has asked that the Catholic Church not continue to foster the polarization of public opinion.

In a Holy Week message to Colombians, the chief of state has said that Colombia is a country with too many regrettable episodes of confrontation and that it was paradoxical for the time God had given us to meditate to be used to add to the open injuries of confrontation, to increase differences for political reasons, and to radicalize the mood and sentiments dividing us.

Samper has said there would be a regrettable regression in Colombia's advancements in the defense of pluralism, freedom of conscience, and separation between the driving branches of the state and those who govern in the reign of the spirit if Holy Week is turned into an occasion to continue the political debate.

Colombia: Ambassador Views Ties With Venezuela

PA0504185596 Caracas EL NACIONAL in Spanish 3 Apr 96 p A2

[Interview with Ambassador to Venezuela Guillermo Gonzalez Mosquera by Gioconda Soto; place, date not given — first two paragraphs are introduction]

[FBIS Translated Text] Almost one month after assuming the headship of the Colombian Embassy in Venezuela, Ambassador Guillermo Gonzalez Mosquera has rejected the idea that there are no longer any valid direct means of negotiation to resolve sea and continental shelf differences between the two countries. These means were established in the San Pedro Alejandrino Act. The ambassador has affirmed that the setting of deadlines on the work the high commissioners are carrying out could represent a threat to the talks.

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Aware of the many requests that Colombian military forces follow suit and patrol the border area as Venezuelan forces do, Gonzalez admits that despite the fact his country would like to make that effort, "this matter is beyond our abilities due to our many domestic incidents with the guerrillas and drug trafficking."

[Soto] Your predecessor, Francisco Posada de la Pena, said before leaving that the means of direct negotiations to settle the sea and continental shelf border differences are exhausted. Do you share his opinion?

[Gonzalez] I disagree. My government believes work must continue without deadlines that may constrain the work of the commissioners. My government is not setting deadlines and is not moving away from the terms of the (San Pedro Alejandrino) Act, which did not set negotiations deadlines on that commission. The worst thing we could do would be to endanger the work of the commissioners by setting deadlines on them.

[Soto] When do you think a hypothesis on how to resolve the border problem will be conceived?

[Gonzalez] The two sides want this matter to move faster, but I highly respect the way these commissions are working. I do not want to put any kind of pressure on them or to arouse expectations.

[Soto] Recent events such as the uncovered plot to isolate Santa Fe de Bogota have led to the belief that the guerrillas are reemerging. Is the government thinking about implementing new measures to counteract subversive activities?

[Gonzalez] These days are difficult, and the rebels have intensified their actions, but the state, through the constitutional Army, is defending and recovering territories in many parts of the country. In my opinion, the truth is that this has to have a solution, and I am personally seeing the efforts the Conciliation Commission is making. The problem is that the subversion is a Hydra that manifests itself in many parts of the country. The Revolutionary Armed Forces of Colombia has spoken in favor of a peaceful way out, as the talks in Costa Rica have made evident, but the National Liberation Army [ELN] has been simultaneously distributing leaflets announcing that it will not participate in talks. There are different opinions on how to handle the problem, and the Army is fulfilling its constitutional duty to defend the citizens and their territory even though there is no negotiated peace.

[Soto] The Venezuelan authorities have been speaking of the need to have units from the two countries at the 84 border posts, but the Colombian Government has said it cannot do that.

[Gonzalez] First, on behalf of the Colombian Government I condemn all kinds of threats against high-ranking Venezuelan officials, particularly the absurd offering of a bounty for their heads. This is the outgrowth of an insane mind. We are in solidarity with the defense minister in the face of this kind of threat from sick people.

Regarding efforts to defend the border, I repeat that we want to do it (increase the military presence on the border), but we are struggling at home with diverse fronts that do not allow us to place any particular number of posts or forces on the border with Venezuela. This is beyond our capabilities because of the large number of domestic incidents with guerrillas and drug traffickers. This situation forces us to maintain a very large force, but not only on the border posts. Efforts are being made. I am certain that in the meeting to be held in April by the defense ministers and military leaderships of the two countries, they will work on: 1) joint defense actions; 2) the broaching of sensitive issues; 3) preventive actions on the border. For example, there were clashes on the border area yesterday between Boyaca and Vichada, and 15 guerrillas died. I am absolutely certain that the guerrillas who move around in that area are directly linked to the guerrilla force acting near the Colombian border.

[Soto] In the past, there have been proposals for implementing "hot pursuit" to combat subversive activities along the border. What is your position on this issue?

[Gonzalez] For us, "hot pursuit" is an unacceptable proposition. I think it contravenes all international norms of law.

[Soto] Has your government analyzed the ELN threat against the defense minister of Venezuela?

[Gonzalez] It is studying it. The rebels are distributing leaflets threatening not only Venezuelans but also our Colombian Armed Forces and officials.

[Soto] What has been the reaction of Colombian businessmen to the economic measures the government of President Rafael Caldera will announce in the near future?

[Gonzalez] There is much expectation in Colombia and has to do with four conditions important to economic relations: 1) Countries must have predictable economic policies; 2) They must be clear; 3) They must be stable; 4) They must be trustworthy. If these conditions are given, the fears or distrust of the Colombian private sector will vanish as a result of the measures the Venezuelan Government is planning to take in agreement with the IMF (...) There is trust in Colombia that the situation in Venezuela is going to change;

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otherwise, the investments being made would not be taking place.

[Soto] Does the rise of Antanas Mockus in Colombian politics mean the traditional parties are in their twilight? Will he be Colombia's dark horse like Fujimori was in Peru?

[Gonzalez] In Colombia, there is interest and expectation on Mockus, but this is not new. Mockus had been prominent in Colombia's media before. He won the mayorship of the country's most important city in an untypical fashion, in conflict with the traditional way of playing politics in Colombia. This point is why he sparks interest among the people and among all of us who follow Colombia's politics. He was an important figure when he was rector of the National University and has acted in ways that have led people to think of him as a person with strange attitudes. The fact is that his direction of the National University was a serious one from the academic and administrative point of view. Now he is a wonder of Colombian politics who must be followed closely. I have no information allowing me to pass judgment on Mockus' work in office, but polls rank him very high, and this reveals that the Colombian people see him as somebody who has a very interesting standing in Colombian politics, and attention must be paid to what he is saying. I view him as a serious person and as a most important wonder in Colombia's political environment.

[Soto] One month since the U.S. decertification of the antidrug struggle Colombia is waging, what have been the effects of that decision?

[Gonzalez] The economic variables revealed today (yesterday) in my country allow me to say that the decertification has not produced a shock. The national planning director says the country's growth is almost 5 percent, and I think this figure is very important. Second, inflation was 2.1 percent in March; that is, less than the inflation rate of March of last year. The productive system is functioning normally, as is the debit side of the trade balance, including the very important debits with Venezuela. So I think the Colombian economy has not been hurt by the decertification problem so far.

There has been, let us say, a legitimate reaction in the country to the nonrecognition of the work and huge sacrifices of the Colombians' struggle against drug trafficking. I want to be more explicit about this point. If we were to dedicate to social programs the $800 million we assign annually to the struggle against drug trafficking, we would certainly resolve significant social problems, but we have to dedicate that money to the struggle against drug trafficking (...). The resources that have been used to fight drug trafficking are resources we could use to wage a big struggle against rebel groups. It is absolutely clear that the Armed Forces of Colombia have dedicated their energy and logistical support

[Soto] Could this reaction lead to other attitudes or Colombian initiatives at the Latin American level?

[Gonzalez] The president of Colombia has responded to the decertification decision on behalf of the country. Colombia has no further plans, but personally, I, Guillermo Gonzalez Mosquera, a product of multilateral diplomacy, do not believe it is right for a country to pass unilateral judgment on another in this struggle against drug trafficking. I think judgment by multilateral organizations, the United Nations, for example, would be much more objective on this matter. I know, from my experience in Geneva, that the European Union and the United Nations believe Colombia's struggle against drug trafficking has been positive and deserves to be acknowledged, a position which is different from what the United States believes. The U.S. attitude was more a product of U.S. domestic policy situations, such as the electoral campaign, than of an evaluation of the Colombian struggle against drug trafficking. I, as many Colombians, have had friends, people close to me, and relatives who have fallen in the struggle against drug trafficking. There is no single Colombian family who can say it has not been touched by this struggle, which has taken a high toll in human lives. I believe that acting the way the United States has acted in this case at a given moment is unfair.

[Soto] How viable is President Ernesto Samper's proposal to move up the elections to resolve the Colombian crisis?

[Gonzalez] It is viable. It is viable from a political and legal point of view, but in Colombia other options, such as a plebiscite, are being considered.

[Soto] What do you expect in the near future?

[Gonzalez] Everything depends on the Colombian Chamber of Representatives' verdict on the trial (President Samper) is facing now. I believe nothing can be analyzed or lead to a way out before this happens.

[Soto] What do you think will be the immediate future of Samper's three ministers?

[Gonzalez] I personally know the three of them, and knowing they are honest and responsible people, I am certain that justice will prevail and that they will come out of this spotless.

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Colombia: Air Force Jet 'Completely Destroyed' at Airport

PA0804194496 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 8 Apr 96

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] San Andres — An A-37 Colombian Air Force attack jet was completely destroyed by flames at the onset of the runway of the Gustavo Rojas Pinilla Airport in San Andres after suffering an accident in this capital last night.

Colonel Gabriel Trivino, commander of the Caribbean Air Group, told Emisoras Caracol Network that the accident was apparently due to faulty brakes in the plane's landing gear.

[Begin Trivino recording] This is something that is under investigation. We know there were faulty brakes because of the (?tracks) left at the onset of the runway. We will inspect the remains of the plane. Later on, the pilot should also give us more information about the possible causes of the accident after things calm down. [end recording]

An official document issued by the FAC [Colombian Air Force] informed that the plane was carrying some 14 rockets and submachine guns, which were not damaged. Some five oxygen tanks inside the plane exploded.

Peru

Peru: Honduran President Arrives 8 Apr for 2-Day Visit

PY0804151196 Madrid EFE in Spanish 0335 GMT 8 Apr 96

[FBIS Translated Text] Lima, 7 Apr (EFE) — Honduran President Carlos Roberto Reina arrived today in Lima on an official 2-day visit, the first by a Central American chief of state to Peru in 38 years.

Reina will be in Peru on 8 and 9 April. He will meet Peruvian President Alberto Fujimori and high-ranking Peruvian officials with the objective of strengthening bilateral economic, political, and cooperation ties.

Reina arrived in Lima at 2200 local time (0300 GMT) aboard a commercial flight with his wife Bessie Watson and Foreign Minister Delmer Urbizo Panting.

Spokesmen of the Honduran Embassy in Peru told EFE today that Reina's visit will strengthen bilateral ties because it will be the starting point for increasing and improving commercial ties.

Reina is scheduled to meet with President Alberto Fujimori at Government House where he will be awarded Peru's Order of the Sun, the most important medal awarded by the Peruvian Government.

Two bilateral agreements will be signed during Reina's official visit. Fujimori and Reina are also scheduled to sign a joint declaration which will broach the coordination of actions to combat poverty and drug trafficking, and to promote political, commercial, and cultural ties.

The agreements to be signed on Monday by Foreign Ministers Francisco Tudela and Delmer Urbizo Panting will establish bilateral diplomatic mechanisms to strengthen bilateral ties.

Another agreement will be signed to obviate the need for visas in diplomatic and official passports at the bilateral level.

Reina, a lawyer by profession, is the second Honduran president to visit Peru: President Ramon Villeda Morales (1957-1968) visited Peru in the 1950's.

Peru: Honduran President Meets Fujimori, Insulza

PY0904032896 Lima America Television Network in Spanish 0100 GMT 9 Apr 96

[FBIS Translated Text] Honduran President Carlos Roberto Reina is making an official visit to Lima. This morning he paid a protocol visit to President Alberto Fujimori. During the day he had a heavy agenda which included a visit to the Peruvian Foreign Ministry where he signed two important bilateral agreements.

Carlos Roberto Reina, who is visiting our country, arrived at Government Palace at 1030. At the golden hall he exchanged protocol greetings with his Peruvian counterpart Alberto Fujimori. At noon, accompanied by Alberto Pandolfi, Minister of Fisheries and President of the Council of Ministers, he visited the installations of the Peruvian Institute of the Sea, in Callao.

To conclude his morning activities, the Honduran president visited the installations of the Scientific Research vessel, Humboldt. In the afternoon the Honduran president visited the national congress where he was welcomed by Congress President Marta Chavez. They exchanged ideas on aspects of bilateral interest.

Then, following his tight agenda, at the Foreign Ministry, together with Honduran Foreign Minister Delmer Urbizo and Peruvian Foreign Minister Francisco Tudela, Reina signed two important agreements. The first agreement creates a mechanism for continuous diplomatic consultations which will help enhance and improve the flow of other agreements between the two nations. The second agreement eliminates diplomatic and official visas between officials from the two countries.

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He then talked with reporters referring to the recent attack he endured.

[Begin recording] There are no details yet on who the perpetrators might be, but it is quite understandable. As I said when leaving Tegucigalpa, if the objective is to create chaos and terror, they will not achieve their objective. We are fully convinced that we are doing well on behalf of the country, and fulfilling the laws and respecting human rights, we are not going to take a step backward. We will continue on this path to the last day of our administration. [end recording]

Venezuela

Venezuela: U.S. Authorities Arrest Banker in Miami

PA0904011396 Caracas Venezolana de Television Network in Spanish 1530 GMT 8 Apr 96

[Report by Pedro Prado]

[FBIS Translated Text] Two years after the eruption of the financial crisis that cost the nation over 1 billion bolivares in losses and brought ruin, despair, lost confidence, and led to the suicide of savings accounts depositors and bank account holders, human justice — or perhaps divine justice — was manifest over Holy Week with the arrest in Miami of Orlando Castro Llanes. He is one of the perpetrators of the most scandalous banking frauds in the history of Venezuela.

[Begin recording] Perhaps because society has gotten used to hearing about so many arrest warrants where nobody gets arrested, the warning that the prosecutor general made last March in the Congress about the topic of bankers on the run went largely unnoticed. Orlando Castro left Venezuela in late 1994, leaving by way of a farewell ad with the slogan: Here we are; and here we are going to stay, with a financial group in the throes of death. His immediate stop was Miami, leaving behind arrest warrants and the anguish of depositors. In his haven, the former banker did not expect to be arrested. A most discrete joint investigation by Venezuelan and Manhattan District Attorney Roberto Morgenthau corroborated that Castro, his son, and grandson had been defrauding the United States, and on Wednesday of Holy Week, Castro's freedom vanished.

[Attorney General Jesus Petit Da Costa] Venezuela received him as it does with all immigrants, with open arms. He became wealthy, which is very good. The bad thing is that he repaid his adoptive mother by defrauding her.

[Unidentified reporter] At present, Castro is held in Florida. A May hearing will determine his deportation to New York State. He and his relatives are charged of defrauding depositors to the tune of $55 million, through Puerto Rico's Banco Progreso. Most of this money comes from Venezuela, and that is why the country will join the trial to demand restitution.

[Petit] Although the United States is going to try him for an offense perpetrated in the U.S., in New York, which is the financial center, the money they could have purloined belongs to Venezuelan victims. Banco Progreso Internacional was an offshore bank that worked with Venezuelan money. We will sue for the Venezuelan money belonging to Venezuelans and Venezuela. In the United States, as in any other country, the victims are entitled to demand the return or reinstatement of that which is taken away from him.

[Joaquin Chaffardet, Venezuelan envoy in the United States] There is a way to proceed regarding goods found on U.S. soil, as in any other country. In accordance to U.S. law, these goods are seized in a legal process, they are frozen, and returned to the victims. The other way is in those cases [words indistinct] to link them directly to the events that are being put on trial, and we can proceed through a civil lawsuit, which is a rather slow process. U.S. justice is not as expeditious in these cases as it is with penal cases. The procedure takes three or four years.

[Reporter] Orlando Castro has been described as an escape risk. The prosecutor general and the attorney general know that if the trial is held in Florida, he may go free based on plea bargain. It is for this reason that they agree that Venezuela should expedite extradition steps.

[Prosecutor Ivan Dario Badell] Independent of the trial to take place in a New York court against De Castro, independent of this I repeat, Venezuela will continue with the trials taking place in the country, and afterwards we will continue with extradition steps to have him brought back to the country. In case he is found guilty in the United States of the crimes committed in the United States, once sentencing has been carried out, he will be extradited to Venezuela to stand trial and likewise serve his sentence here in accordance to Venezuelan law.

[Petit] We must be prepared for the likelihood, very remote according to New Yorkers, that Castro will not be turned over on 3 May to [word indistinct]. If this should take place we must not allow them to be released. We must have an option ready. Nevertheless, I would like to point one thing: Castro's extradition request has not yet been processed by the court. We have requested it but there are still some details pending. The court has to move rapidly since we have a deadline to meet. As Mr. Morgenthau said to me, we are the ones who now have to give it the gas. They have already done what

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they had to do in accordance to U.S. laws, based on the fact that a crime was committed in the United States. However, we are the real victims and it is up to us to show that when we want things done we can do it.

[Reporter] The Foreign Ministry believes that extradition steps before the U.S. Government could be completed in 30 days.

[Foreign Minister Miguel Angel Burelli Rivas] Castro's extradition request was completed one week ago and only the translation was pending. It has to be translated to the language of the country where the extradition is being requested. However, it had to undergo some changes and, at any moment, it will be delivered.

[Reporter] Some of the charges against Castro include accusations related to having carried out $3 billion worth of fraudulent transactions through banks in Panama, Dominican Republic, Miami, New York, and Venezuela. The bank, supposedly operating in Panama, was nothing more than a paper company registered with the Panamanian banking authorities. [end recording]

Venezuela: Party Leaders React to Banker's Arrest

PA0904021596 Caracas Venezolana de Television Network in Spanish 1530 GMT 8 Apr 96

[FBIS Translated Text] Lawmakers agree that the arrest of former banker Orlando Castro is a positive occurrence and that a single front must be created to bring to trial Castro and the former owners of financial empires who ruined the country.

The Movement Toward Socialism [MAS] celebrates Castro's arrest and describes it as an effort to punish those who caused the financial sector's collapse. MAS, however, recognizes that the biggest merit belongs to the U.S. Justice Department, although the local cooperation played an important role.

[Begin recording Gonzalo Gonzalez, leader of the leftist faction] We expect these proceedings to continue until the very last person guilty of the financial crimes that led to the Venezuelan financial system's bankruptcy is arrested and punished, here or in some other country. [end recording]

COPEI [Social Christian Party], however, is radical and describes Castro's arrest as an event that casts the Venezuelan justice administration in a very bad light because the U.S. Government did what the Venezuelan authorities could not do while the foreigner was in the country. Donald Ramirez believes that a situation in which Venezuela did not participate has been politicized.

[Begin Ramirez recording] This forces us to consider very carefully the role that Venezuela must play in the struggle against corruption if we want this scourge to be considered something other than simply a reported fact. [end recording]

Rafael Narvaez of the Democratic Action party believes that the precedent serves to restore some of the community's lost faith and renews the hope that those responsible for the financial system's collapse will be punished.

[Begin Narvaez recording] This is a good opportunity for Venezuela to show the world that mistakes in the Venezuelan justice administration can be corrected. Some people think Castro should not be brought to Venezuela because they no longer believe in Venezuelan justice. But this would be a very good opportunity for Venezuela to show that we can lift our heads again and wash our faces. [end recording]

Gonzalo Perez Hernandez comments that disputes over who played a greater role in Castro's arrest are fruitless because what really matters is unity to make up for the harm that Castro inflicted on the country.

[Begin Perez Hernandez recording] We, the Venezuelan people, should congratulate ourselves for the cooperation offered to Prosecutor Morgenthau of New York through several institutions such as the Attorney General's Office, the Prosecutor General's Office, and the Comptroller General's Office. Through Venezuela's cooperation, it was agreed, not only to arrest the local bankers who embezzled Venezuela, but to recover the public patrimony in the form of financial aid programs and the depositors' money that was embezzled out of the country. This money is the source of the large fortunes that these bankers presently possess. [end recording]

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